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## United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

January 28, 2025

### **VIA ELECTRONIC TRANSMISSION**

Benjamin Huffman  
Acting Secretary  
Department of Homeland Security

Pete R. Flores  
Senior Official Performing the Duties of the  
Commissioner  
Customs and Border Protection

Robert J. Hammer  
Acting Executive Associate Director  
Homeland Security Investigations

Dear Acting Secretary Huffman, Mr. Flores, and Mr. Hammer:

On October 10, 2023, I wrote to the Biden Administration's Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) about Project Thor, an interagency effort to disrupt and dismantle cartel networks trafficking firearms from the U.S. to Mexico.<sup>1</sup> In that letter, I directly asked, "did ATF consider incorporating Project Thor into its current strategy to combat firearms trafficking from the U.S. to Mexico?"<sup>2</sup> I've yet to receive an answer. On October 30, 2023, I sent another letter to ATF requesting data and information concerning several reports that Mexican cartels have increased their use of unmanned aerial systems on both sides of the U.S. and Mexico border. These cartels use drones to surveil U.S. law enforcement, and carry out violent attacks and assassinations by dropping explosives on targets in Mexico.<sup>3</sup> On December 14, 2023, I sent another follow up letter to ATF requesting they explain their failure to respond to my previous letters and requested additional information about their efforts to combat cartel networks operating in the U.S.<sup>4</sup> On January 5, 2024, ATF responded to my letters by providing heavily redacted, duplicative, and, in some cases, irrelevant records.<sup>5</sup> The ATF's answer stated that Operation Southbound is now the Justice Department's signature initiative to prevent international firearms trafficking.<sup>6</sup> It also said, "[t]his operational initiative, which builds on its intelligence-based predecessor program, Project Thor, utilizes a whole-of-government effort to identify the networks and methodologies used to transport firearms from the United States to Mexico and to take law enforcement action."<sup>7</sup> Further, the ATF's response said that, "Operation Southbound consists of nine interagency Firearms Trafficking Task Forces deployed in eight cities along the Southwest Border with the sole focus on making cases to stem the trafficking of firearms from the United States to Mexico."<sup>8</sup>

<sup>1</sup> Letter from Senator Charles E. Grassley to Bureau of Alcohol, Tobacco, Firearms, and Explosives (Oct. 10), 2023 [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_atf\\_-\\_firearms\\_trafficking.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_atf_-_firearms_trafficking.pdf).

<sup>2</sup> Letter from Senator Charles E. Grassley to Bureau of Alcohol, Tobacco, Firearms, and Explosives (Oct. 10), 2023 [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_atf\\_-\\_firearms\\_trafficking.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_atf_-_firearms_trafficking.pdf).

<sup>3</sup> Letter from Senator Charles E. Grassley to Bureau of Alcohol, Tobacco, Firearms, and Explosives (Oct. 30, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_atf\\_-\\_armed\\_immigrants\\_and\\_drone\\_explosives.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_atf_-_armed_immigrants_and_drone_explosives.pdf).

<sup>4</sup> Letter from Senator Charles E. Grassley to Bureau of Alcohol, Tobacco, Firearms, and Explosives (Dec. 14, 2023) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_atf\\_operation\\_southbound.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_atf_operation_southbound.pdf).

<sup>5</sup> Letter from Bureau of Alcohol, Tobacco, Firearms, and Explosives to Senator Grassley, (Jan. 5, 2024) (on file with Committee staff).

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

On March 21, 2024, I wrote to the Biden Administration's Justice Department, Drug Enforcement Administration (DEA), the Department of Homeland Security (DHS), Customs and Border Protection (CBP), and Homeland Security Investigation (HSI) for information about their role, support, and efforts to combat firearms trafficking through Project Thor and Operation Southbound.<sup>9</sup> While the Justice Department, DEA, DHS, and HSI have failed to respond, CBP responded on October 22, 2024, stating that, "CBP supported the ATF-led Project Thor, in furtherance of CBP's mission sets and in support of Project Thor's stated purpose to identify and disrupt firearms trafficking networks until approximately mid-2021, after which CBP transitioned the same support to Operation Southbound."<sup>10</sup> The response also says that CBP "is not able to provide information on the number and role of personnel that supported Project Thor or currently support Operation Southbound."<sup>11</sup> In addition, CBP noted that, at the direction of the DHS Secretary, CBP and HSI formalized Operation Without-a-Trace (WaT) in June 2020, which "with support from ATF, targets southbound illicit weapons, components and materials on the U.S. Southwest Border (SWB) flowing to Mexico-based transnational criminal organizations."<sup>12</sup>

The ATF's January 2024 response indicated that Operation Southbound was intended to replace Project Thor as the lead initiative to combat firearms trafficking from the U.S. to Mexico. However, legally protected whistleblower disclosures provided to my office show that the National Security Council (NSC) during the Trump administration recognized the success of Project Thor and sought to expand the program's efforts to target the Jalisco New Generation Cartel (CJNG) and Sinaloa Cartel.<sup>13</sup> These records show that Project Thor was not intended to be replaced and that the Firearms Trafficking Task Forces (FTTF) were operational well before Operation Southbound was initiated in April 2020, calling into question why Project Thor was defunded by the Biden-Harris administration.<sup>14</sup> The records further show Project Thor was so successful in gathering intelligence, coordinating law enforcement agency investigations, and leading to cartel prosecutions, that the ATF and the DHS planned to use Project Thor's "unique capabilities" to bolster their firearms trafficking enforcement initiatives.<sup>15</sup> The records illustrate that Project Thor was designed to be a component of a whole of government approach to detect, disrupt, and dismantle cartel networks flooding Mexico with U.S. sourced firearms fueling their ability to flood the U.S with illegal narcotics. Yet, the Biden-Harris administration shut it down.<sup>16</sup>

According to unclassified legally protected whistleblower disclosures, in January 2020 the Trump administration's NSC U.S. Council on Transnational Organized Crime Strategic Division (TOC-SD) held "a four-day symposium/planning surge for all stakeholder Departments/Agencies" concerning U.S.-Mexico border security with a focus on degrading the Jalisco New Generation Cartel (CJNG) and Sinaloa cartel.<sup>17</sup> These records show that Project Thor, along with ATF's Firearms Trafficking Task Forces (FTTFs) and DHS initiatives like WaT, were recognized as having strong potential to target and illuminate transnational criminal organizations weapons trafficking networks. The FTTFs provided in the unclassified records, which are organized almost identical to the FTTFs in descriptions of Operation Southbound, appear to work simultaneously and in conjunction with Project Thor.

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<sup>9</sup> Letter from Senator Charles E. Grassley to the Justice Department (Mar. 21, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_doj\\_-\\_project\\_thor1.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_doj_-_project_thor1.pdf); Letter from Charles E. Grassley to the Drug Enforcement Administration (Mar. 21, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_dea\\_-\\_project\\_thor.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_dea_-_project_thor.pdf); Letter from Senator Charles E. Grassley to DHS (Mar. 21, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_dhs\\_-\\_project\\_thor.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_dhs_-_project_thor.pdf); Letter from Senator Charles E. Grassley to CBP (Mar. 21, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_cbp\\_-\\_project\\_thor.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_cbp_-_project_thor.pdf); and Letter from Senator Charles E. Grassley to HSI (Mar. 21, 2024) [https://www.grassley.senate.gov/imo/media/doc/grassley\\_to\\_hsi\\_-\\_project\\_thor.pdf](https://www.grassley.senate.gov/imo/media/doc/grassley_to_hsi_-_project_thor.pdf).

<sup>10</sup> Letter from CBP to Senator Charles E. Grassley (Oct. 22, 2024) (on file with Committee staff).

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> Attached enclosures.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*



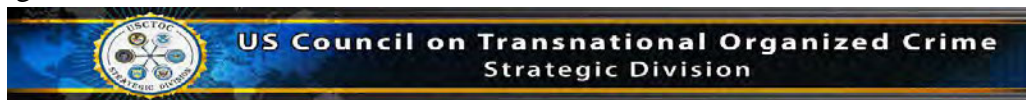
## SOC CONCLUSIONS

- The U.S. Government has ongoing/emerging programs, operations, and activities with strong potential to target and illuminate the intelligence picture of Mexican TCO weapons trafficking networks
  - Operation Without-A-Trace (HSI, CBP, ATF)
  - Project THOR (DEA-SOD Hosted, ATF-Led, Broad IA Participation)
    - Project [REDACTED]
  - ATF Firearms Trafficking Task Forces (FTTFs) (ATF/HSI/CBP; State/Local)
  - HSI Border Enforcement Security Task Forces (BESTs) (Broad Inter-Agency Participation)
  - \*HSI [REDACTED] (HSI)
- Integration of IC-available technologies offer strong potential to enhance U.S. Government border interdiction capability and, in-turn, enhance investigations and provide greater understanding of TOC-actors and their networks.

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The records also show that the TOC-SD plans for the next 180 days and beyond were to increase resources and analytical support for Project Thor and “[c]ontinue efforts to identify/illuminate Sinaloa/CJNG weapons trafficking networks” in the future.<sup>18</sup>



## ACTION HORIZON

- Next 180 Days
  - Operation Without-A-Trace
    - Introduce unique IC technical capability at select pilot POEs;
    - Pilot for information exchange process:
      - Integration with BESTs
      - Benefit from IC technical capability integration
      - Opportunity to inform LE/IC assessments
    - Assess/integrate BESTs to enhance WoG operational capability
  - Project THOR
    - Expand efforts to identify/target Sinaloa Cartel
    - Increase analytic support
    - Project [REDACTED]
      - Comprehensive “take down” in ~60 days
      - Collect, exploit, assess, and disseminate information/data
      - Initiate LE/IC intel assessments
      - Opportunity for use of USSS Electronic Financial Crimes Task Forces (As Requested)
  - Operation [REDACTED]
    - Enhance target layering of Project Thor w/ [REDACTED] Operation [REDACTED] Assessments via IA meeting hosted by DEA Intel Division

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## ACTION HORIZON

- Greater 180 Days
  - Operation Without-A-Trace: (1) Develop/Integrate WoG Operational Capability
  - Project THOR: (1) Continue efforts to identify/illuminate Sinaloa/CJNG weapons trafficking networks.
  - Outbound Inspections: (1) IOC at pilot POE(s); (2) Assess program for expansion; (2) Conduct an assessment for all-domain enhancements
  - Border Vulnerability Assessment: Develop strategic vulnerability assessment.

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<sup>18</sup> *Id.*



Further, other legally protected whistleblower disclosures provided to my office indicate that Project Thor was supposed to be used to force multiply the efforts of Operation Southbound rather than it replacing Project Thor. A March 30, 2020, unclassified briefing paper on ATF's Southwest Border Firearms Trafficking Strategy says that a vital part of Operation Southbound is for ATF Field Divisions to build and maintain key relationships with Federal Firearms Licensees (FFLs) on "trafficking trends, weapons of choice, and encourage information sharing to identify and disrupt the diversion of firearms."<sup>19</sup> Moreover, the other vital piece of Operation Southbound is coordination and intelligence support, which "includes the unique capability of *Project Thor*."<sup>20</sup>

#### ATF Headquarters

Coordination and intelligence support from ATF headquarters is another vital piece to *Operation Southbound*. This includes the unique capability of *Project Thor*, the analytical support of the Criminal Intelligence Division, and the crucial role of the Mexico Country Office.

Lastly, legally protected whistleblower disclosures provided to my office show in February 2022 DHS officials "recommended the NSC meet with DHS and DOJ POCs leading Project THOR and Operation Without a Trace so they may obtain a briefing on current efforts, gain insights on the impact/limitations of those efforts..."<sup>21</sup> This recommendation appears to come from a request from the NSC during the Sub-Interagency Small Group Policy Committee Meeting on Arms Trafficking (SubIPC) held on January 28, 2022, where NSC staff requested "data and information on ongoing programs like Project Thor as an input to future discussions."<sup>22</sup> The records also include an attachment to a DHS presentation on WaT showing that Project Thor was intended to work in conjunction and coordination with WaT and other DHS operations to combat firearms trafficking through a whole of government approach.<sup>23</sup>

 NATIONAL TARGETING CENTER

### WaT Support for Ongoing Operations

**OPERATION STRAWMAN** – Coordinated effort between Government of Mexico (GOM) and HSI International Operations in which e-Trace data acquired from firearms recovered at cartel crime scenes in Mexico is disseminated to HSI field offices as investigative referrals

**OPERATION FROZEN** – A capacity building initiative aimed at coordinating outbound U.S. operations along the Southwest border with GoM operations. The focus is on enhanced detection through increased personnel and equipment deployment.

**PROJECT THOR** – An ATF led, inter-agency effort to illuminate southbound firearms trafficking networks and deploy investigative resources against key nodes





<sup>19</sup> *Id.*

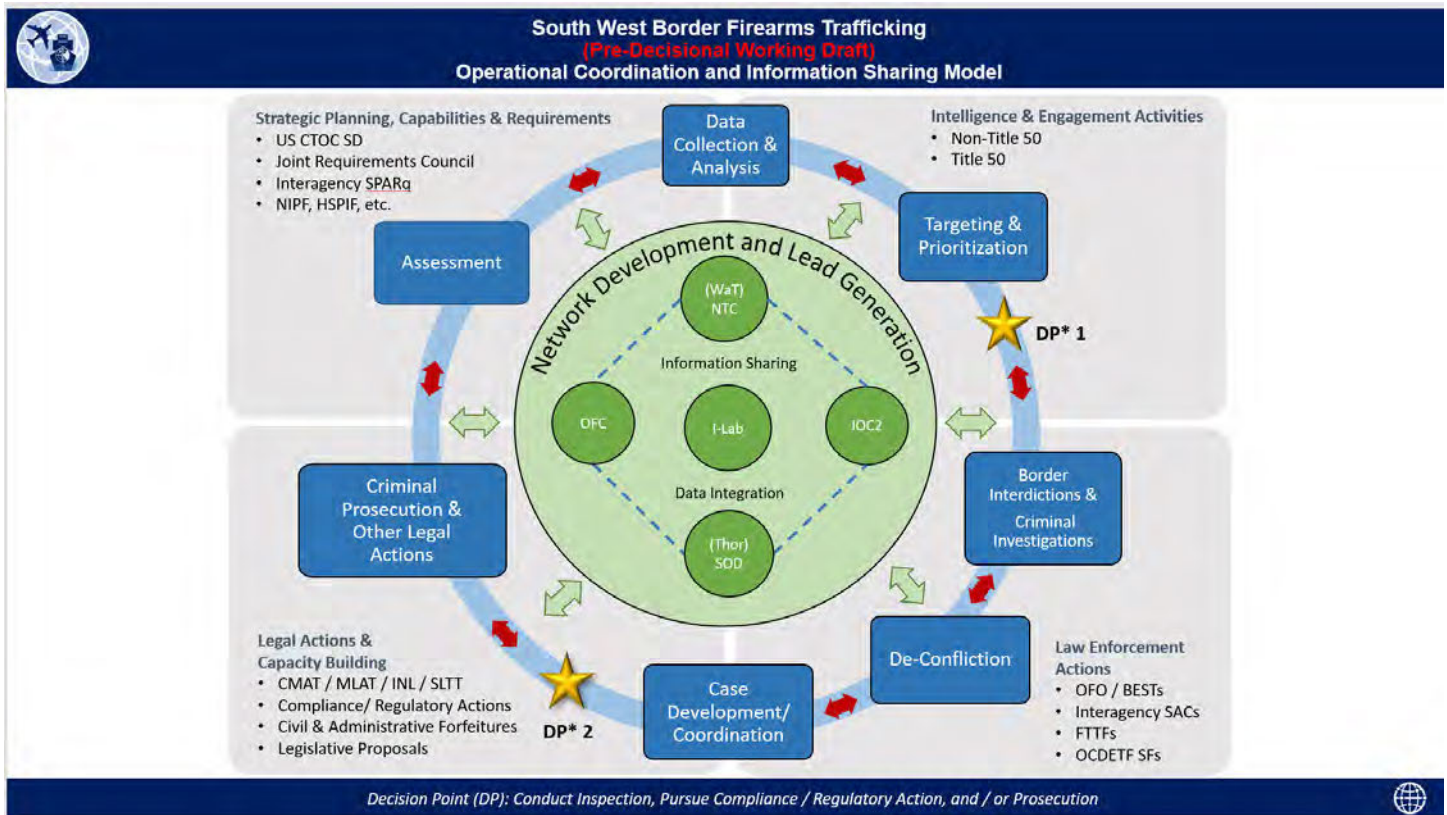
<sup>20</sup> *Id.*

<sup>21</sup> *Id.*

<sup>22</sup> *Id.*

<sup>23</sup> *Id.*





In response to NSC's briefing request, internal unclassified emails from February 2022 show that the ATF said DHS officials knew that "Project Thor is currently on stand-by status."<sup>24</sup> The email also says that "DEA SOD did not want Project Thor briefed to anyone without their prior approval," and ATF officials would "like to make sure we [ATF] continue to abide by their guidance and to ask our Project Thor partners to do the same."<sup>25</sup> It also stated that ATF was "trying to remain in the good graces of DEA SOD regarding Project Thor despite the minor setbacks we've had over the past several months."<sup>26</sup> This raises questions about DEA's role in Project Thor. Further, according to an unclassified official summary of the SubIPC meeting held on March 1, 2022, it was agreed that DHS and ATF would "provide additional information on Project Thor and Operation Southbound and recommend any new areas of focus or modifications to ensure complementarity."<sup>27</sup> During the March 1 meeting the Justice Department "agreed to identify additional support to Project Thor with a view toward bolstering work on prosecutions."<sup>28</sup>

- (U//FOUO) The Department of Homeland Security (DHS) Homeland Security Investigations (HSI) and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) agreed to provide additional information on Project Thor and Operation Southbound and recommend any new areas of focus or modifications to ensure complementarity. The Department of Justice (DOJ) also agreed to identify additional support to Project Thor with a view toward bolstering work on prosecutions. Agencies should report progress to NSC Staff. (**Action: HSI, ATF, and DOJ, by March 8**)

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<sup>24</sup> *Id.*

<sup>25</sup> *Id.*

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

It raises questions concerning the CBP's response that it supported Project Thor "until approximately mid-2021, after which CBP transitioned the same support to Operation Southbound" when the records show DHS pushed for Project Thor to be briefed to the NSC in February 2022 and that the operation was supposed to receive additional support.

The records clearly show the Trump administration recognized the value and success of utilizing the unique capabilities of Project Thor to disrupt and dismantle cartel networks operating in the U.S. to traffic firearms to Mexico. Project Thor was able to illuminate the firearms trafficking networks fueling cartel violence that allow them to operate their drug and other criminal enterprises that pose a significant risk to U.S. national security. If there are questions remaining about its success, I've enclosed a 2019 memo and case synopsis of "Operation Thor's Hammer" under Project Thor's "Operation Nordic Giant," which was one of the first cases where a cartel firearms trafficking network was identified, dismantled, and prosecuted through the unique capabilities of Project Thor."<sup>29</sup> According to a December 3, 2019, ATF email, these records were transmitted to American officials in the U.S. Embassy in Mexico as an example of Project Thor's successful "U.S. inter-agency (ATF, SOD, USPIS, FBI, USMS, DOJ, and USAO Eastern District of Arkansas) effort to stem the flow of illicit weapons to the Mexican cartels."<sup>30</sup> According to the email, the "network had been operating for years, supplying hundreds of machine guns to Cartel del Noreste (CDN)" until it was identified and dismantled through Project Thor.<sup>31</sup>

In this case, Andrew Scott Pierson, an American fugitive hiding in Mexico, was identified and prosecuted for operating a sophisticated firearms trafficking network for years for the CDN cartel in Nuevo Laredo, Mexico across the border from Laredo, Texas.<sup>32</sup> Pierson would order members of his criminal network to buy firearms parts from the U.S. and traffic them to Mexico where he would assemble them for the cartels.<sup>33</sup> According to the memos and the December 2019 ATF email, the information gathered, analyzed, and disseminated through Project Thor as well as its efforts to coordinate the several investigations across multiple law enforcement agencies, played a critical role in dismantling Pierson's trafficking network and substantially reducing the CDN's ability to obtain firearms.<sup>34</sup> The government must be fully transparent to the American people about why it eliminated Project Thor even though, based on the records obtained to-date, the program protected U.S. national security interests and helped to disrupt and dismantle criminal cartel networks' access to firearms.

Accordingly, so that Congress may conduct independent oversight, please provide answers and responsive documents to my previous requests and the following no later than February 11, 2025.

1. A February 3, 2022, email between DHS personnel states that, "DHS PLCY recommended the NSC meet with those DHS and DOJ POCs leading Project THOR and Operation Without a Trace so they may obtain a briefing," yet CBP's response said that it supported Project Thor "until approximately mid-2021." Did DHS or its components provide support for Project Thor after mid-2021? If yes, explain in detail the support provided.
2. Did DHS, CBP, HSI, or other DHS components disagree with the decision to defund Project Thor? If yes, explain what steps were taken to continue it. If not, explain your agency's position.

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<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> Beth Warren, *Counterfeit Colts: How an Oklahoma man double-crossed a Mexican cartel with knockoff guns*, Louisville Courier Journal (Mar. 28, 2024) <https://www.courier-journal.com/story/news/crime/2024/03/28/oklahoma-man-cons-mexican-drug-cartel-with-counterfeit-colt-guns/72965798007/>.

<sup>33</sup> Attached enclosures.

<sup>34</sup> *Id.*

3. The summary from the Sub-IPC meeting dated March 1, 2022, says that DHS, HSI, and ATF “agreed to provide additional information on Project Thor and Operation Southbound and recommend any new areas of focus or modifications to ensure complementarity.” Is this accurate? If yes, what recommendations were made? Provide records.<sup>35</sup>
4. According to DHS’s WaT presentation, “Project Thor will compliment this umbrella strategy by developing cases and with intelligence support.” It also says that “Network Development and Lead Generation” to the field would be a key output of “Information Sharing” and “Data Integration” between WaT, Project Thor, and other federal law enforcement partners. Explain, in detail, Project Thor’s role in supporting WaT and other DHS firearms trafficking and border security efforts and WaT and DHS support for Project Thor. Provide all records.
5. What effect has the elimination of Project Thor had on WaT or other DHS operations to combat firearms trafficking? Explain in detail.

In keeping with Executive Order 13526, please segregate all unclassified materials within the classified documents, and provide all unclassified information directly to the committee, and provide a classified addendum to the Office of Senate Security. Although the committee complies with all laws and regulations governing the handling of classified information, it is not bound, absent its prior agreement, by any handling restrictions.

Thank you for your prompt review and responses. If you have any questions, please contact my committee staff at (202) 224-7708.

Sincerely,



Charles E. Grassley  
Chairman  
Committee on the Judiciary

Enclosures

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<sup>35</sup> “Records” include any written, recorded, or graphic material of any kind, including letters, memoranda, reports, notes, electronic data (emails, email attachments, and any other electronically created or stored information), calendar entries, inter-office communications, meeting minutes, phone/voice mail or recordings/records of verbal communications, and drafts (whether they resulted in final documents).



**From:** [REDACTED] <[REDACTED]@atf.gov>

**Sent:** Thursday, January 9, 2020 8:18 AM

**To:** Dixon, Ned F. <[REDACTED]@atf.gov>; Rusk, Joshua M. <[REDACTED]@atf.gov>

**Cc:** [REDACTED] <[REDACTED]@atf.gov>

**Subject:** RE: U.S. Transnational Organized Crime Implementation Planning Surge - 4 Day Symposium 01/21 - 01/24 - McLean, VA

Thanks everyone. More details to follow.

**Resident Agent in Charge**

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

**Tucson II Field Office**

/m: [REDACTED] | f: [REDACTED] | e: [REDACTED]@atf.gov

**From:** Dixon, Ned F. <[REDACTED]@atf.gov>

**Sent:** Thursday, January 9, 2020 6:09 AM

**To:** Rusk, Joshua M.

[REDACTED]@atf.gov>

**Cc:** [REDACTED] <[REDACTED]@atf.gov>; [REDACTED] <[REDACTED]@atf.gov>

**Subject:** FW: U.S. Transnational Organized Crime Implementation Planning Surge - 4 Day Symposium 01/21 - 01/24 - McLean, VA

Josh,

The TOC-SD is in need of a rep from International at the symposium they are holding later this month. Please see the below request from [REDACTED], who is the FO liaison to TOC-SD. We will be providing multiple personnel to this as well as FO.

V/r,

Ned Dixon

Deputy Chief

Criminal Intelligence Division | OSII

Bureau of Alcohol, Tobacco, Firearms and Explosives

Office: [REDACTED]

Cell: [REDACTED]

---

**From:** McCree, Fidel <[REDACTED]@atf.gov>

**Sent:** Thursday, January 9, 2020 8:01 AM

**To:** Dixon, Ned F. <[REDACTED]@atf.gov>; [REDACTED] <[REDACTED]@atf.gov>

**Subject:** FW: U.S. Transnational Organized Crime Implementation Planning Surge - 4 Day Symposium 01/21 - 01/24 - McLean, VA

**From:** [REDACTED]

<[REDACTED]@atf.gov> **Sent:** Thursday, January 09, 2020 6:45 AM **To:** McCree, Fidel

<[REDACTED]@atf.gov>

**Subject:** U.S. Transnational Organized Crime Implementation Planning Surge - 4 Day Symposium 01/21 - 01/24 - McLean, VA

Fidel-

Quick turnaround:

The TOC-SD is in the process of scheduling a four day symposium / planning surge for all stakeholder Departments/Agencies in northern Virginia less than **two weeks from now**

(Tuesday, January 21 – Friday, January 24) at the [REDACTED] complex in McLean, VA. ATF is playing a large role in this effort and we'll need representatives to attend. Currently the TOC-SD is compiling a list of agency leads and SMEs to attend the symposium. Among the 13 focus areas covered that week are several that will require ATF participation. The focus areas will be separated into three working groups (ATF have roles in at least two of

the groups).

The topics that require ATF participation are the following:

- Working Group # 2 – January 21 (all day) – Intelligence, Investigations & Prosecutions (Focus on Weapons)
- Working Group # 3 – January 21 (all day) – Mexican Border Security and Rule of Law
- Working Group # 2 – January 22 (a.m.) – Border Vulnerability Assessment
- Working Group # 2 – January 23 (all day) – Outbound Inspections
- Working Group # 3 – January 23 (all day) – U.S. / Mexico Collaboration
- Working Group # 2 – January 24 (a.m.) – Outbound Inspections

There are other working groups / topics where ATF would be able to offer input (for example Finance-related Capacity Building and Intelligence Gathering / Sharing between Intel and LEO agencies) but the ones above are where we need to be participating for sure.

We will need ATF SMEs to attend and participate in these topics. Since the topics overlap by time, we will need at minimum of one ATF SME/rep for each Working Group (Working Group # 2 and Working Group # 3). With that said, I strongly recommend having at least two ATF SMEs to participate in the Intel, Investigations & Prosecutions (Focus on Weapons) topic since this is definitely in our wheel house.

My thoughts on potential ATF SMEs / attendees include the following: Necessary: At least one Project Thor representative ([REDACTED] or [REDACTED]?) OSII rep (will likely need a TS-SCI clearance/read-in). I'll confirm such.

International Rep

At least 1 SME from the field with experience in cases involving Sinaloa and/or CNJG activities / AORs.

Travel dates would be Monday, January 20<sup>th</sup> (MLK, Jr. Holiday) and Saturday, January 25<sup>th</sup>. The location will include free parking. I'll work tonight on hotel possibilities for those that would be flying in.

[REDACTED]

**Resident Agent in Charge**

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

**II Field Office**

/m: [REDACTED] | f: [REDACTED] | e: [REDACTED]@atf.gov



# **US Council on Transnational Organized Crime Strategic Division**

## ***STRATEGIC PLAN TO DEGRADE CJNG AND SINALOA***

# **IMPLEMENTATION PLANNING AND THE “SURGE” SYMPOSIUM**

## **NATIONAL SECURITY COUNCIL DIRECTORS BRIEF**

January 23, 2020





# US Council on Transnational Organized Crime Strategic Division

## Work Group 2



# US Council on Transnational Organized Crime Strategic Division

## SOC CONCLUSIONS

- The U.S. Government has ongoing/emerging programs, operations, and activities with strong potential to target and illuminate the intelligence picture of Mexican TCO weapons trafficking networks
  - Operation Without-A-Trace (HSI, CBP, ATF)
  - Project THOR (DEA-SOD Hosted, ATF-Led, Broad IA Participation)
    - Project [REDACTED]
    - [REDACTED] ([REDACTED])
  - ATF Firearms Trafficking Task Forces (FTTFs) (ATF/HSI/CBP; State/Local)
  - HSI Border Enforcement Security Task Forces (BESTs) (Broad Inter-Agency Participation)
  - \*HSI [REDACTED] (HSI)
- Integration of IC-available technologies offer strong potential to enhance U.S. Government border interdiction capability and, in-turn, enhance investigations and provide greater understanding of TOC-actors and their networks.



# US Council on Transnational Organized Crime Strategic Division

## SOC CONCLUSIONS

- A comprehensive cross-domain border vulnerability assessment would benefit efforts to secure the U.S. border at the tactical, operational, and strategic levels. To realize a quality informative document, the CTOC community requires additional time (< 6 months) to scope, frame, resource, and initiate its' development.
- Commitment of US Secret Service (USSS) Electronic Financial Crimes Task Forces (EFCTFs) to provide operational cell phone/computer device exploitation for large CTOC operations across the IC. This also provides an opportunity to inform the LE/IC community on TOC actor use of the electronic domain to advance financial capabilities/efforts.
- A number of significant impediments are inhibiting the success of the CTOC community in the operational mission-space, including:
  - Insufficient statutes
  - Poor regulatory compliance of FFLs (FinCEN Form 8300s)
  - Diminished prioritization of weapons-trafficking prosecutions
  - Obtaining timely Mexican Provisional Arrest Warrants
  - Insufficient resources due to competing national security interests





# US Council on Transnational Organized Crime Strategic Division

## ACTION HORIZON

- Next 180 Days
  - Operation Without-A-Trace
    - Introduce unique IC technical capability at select pilot POEs;
    - Pilot for information exchange process:
      - Integration with BESTs
      - Benefit from IC technical capability integration
      - Opportunity to inform LE/IC assessments
    - Assess/integrate BESTs to enhance WoG operational capability
  - Project THOR
    - Expand efforts to identify/target Sinaloa Cartel
    - Increase analytic support
    - Project [REDACTED]:
      - Comprehensive "take down" in ~60 days
      - Collect, exploit, assess, and disseminate information/data
      - Initiate LE/IC intel assessments
      - Opportunity for use of USSS Electronic Financial Crimes Task Forces (As Requested)
    - Operation [REDACTED]
      - Enhance target layering of Project Thor w/ [REDACTED] Operation [REDACTED] Assessments via IA meeting hosted by DEA Intel Division



# US Council on Transnational Organized Crime Strategic Division

## ACTION HORIZON

- Next 180 Days
  - ATF FTTFs: Task Forces IOC
  - HSI BESTs: Staffing review to ensure appropriate staffing/participation
  - Outbound Inspections: Introduce/integrate unique IC technical capability at select pilot POE(s)
  - Border Vulnerability Assessment: Initiate WG to assess/scope/frame/identify resourcing requirements
  - Operation [REDACTED]:
    - Comprehensive "take down" in ~60-90 days
    - Opportunity for potential collaboration with USSS EFCTFs



# US Council on Transnational Organized Crime Strategic Division

## ACTION HORIZON

- Greater 180 Days
  - Operation Without-A-Trace: (1) Develop/Integrate WoG Operational Capability
  - Project THOR: (1) Continue efforts to identify/illuminate Sinaloa/CJNG weapons trafficking networks.
  - Outbound Inspections: (1) IOC at pilot POE(s); (2) Assess program for expansion; (2) Conduct an assessment for all-domain enhancements
  - Border Vulnerability Assessment: Develop strategic vulnerability assessment.





# **US Council on Transnational Organized Crime Strategic Division**

## ***STRATEGIC PLAN TO DEGRADE CJNG AND SINALOA***

# **IMPLEMENTATION PLANNING AND THE “SURGE” SYMPOSIUM**

## **NATIONAL SECURITY COUNCIL DIRECTORS BRIEF**

January 23, 2020

U.S. Department of Justice  
Bureau of Alcohol, Tobacco, Firearms and Explosives  
Office of Field Operations  
Office of Strategic Intelligence and Information



## ATF Southwest Border Firearms Trafficking Strategy Brief: *Operation Southbound*

### Overview

Firearms Trafficking to Mexico continues to be a major concern as it threatens Mexico's sovereignty and affects the United States' ability to combat transnational organized crime. In 2017, the President of the United States issued Executive Order 13773 creating the U.S Council of Transnational Organized Crime Strategic Division (TOC-SD). One of the top TOC-SD priorities is the degradation of the Sinaloa and CJNG Cartels' weapons trafficking capabilities.

To support this effort, and in response to recent significant incidents of gun violence and the increasing tactical proficiency of Mexican cartel gunmen, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) developed a robust new strategy, *Operation Southbound*, to more effectively stem the flow of illegal firearms trafficked to Mexico. This strategy embraces principles in ATF's business model, with particular emphasis on a "whole of government" approach to ensure internal and external communication, collaboration, and deconfliction.

### Firearms Trafficking Task Forces

To leverage the combined authorities, expertise, and resources of ATF and our partners, *Operation Southbound* directs creation of multi-agency Firearms Trafficking Task Forces (FTTF). FTTFs will enhance operational and intelligence coordination between multiple ATF field divisions, ATF's Office of Strategic Intelligence and Information (OSII), Homeland Security Investigations (HSI), Customs and Border Protection (CBP), state and local law enforcement, the intelligence community (IC), and prosecutors. FTTFs will foster routine interaction, joint training and conferences, and will improve the aggregation, analysis, and sharing of information. Most importantly, it will also promote effective investigative and operational action to prosecute and disrupt firearms traffickers and their networks.

Analysis of ATF Firearm Trace data indicates the need for strategic placement of an FTTF in seven top source cities: Houston, San Antonio, McAllen, Dallas, El Paso, Phoenix and Tucson. The FTTFs will be a partnership between ATF and CBP, HSI, HSI's Border Enforcement Security Task Forces (BEST) and other agencies with mission overlap and equities in firearms trafficking. Bilateral agreements and capacity building through the FTTFs will enhance each partner's ability to identify, investigate, and prosecute persons involved in Southwest Border firearms trafficking. These partnerships will work best when colocated with the ATF FTTF.

*(U) Warning: This document is UNCLASSIFIED//LAW ENFORCEMENT SENSITIVE and intended for Official Use Only. It contains information that may be exempt from public release under the Freedom of Information Act (5 U.S.C. 552). All information, analysis, data, and methodology included herein are considered official products of work, owned by the Federal Government and held for the benefit of the public. No information contained herein may be duplicated, reproduced, or disseminated without the express authorization of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Information in this report is originator-controlled information as it may, in whole or in part, be related to an ongoing law enforcement investigation involving human sources or law enforcement undercover personnel. Information contained in this report should not be released to foreign organizations or persons.*



## (U/LES) ATF Southwest Border Firearms Trafficking Strategy

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### FTTF Objective

The objective of FTTFs will be the aggregation, analysis and exploitation of all information available from participating agencies, along with other sources, for generation of leads to identify, investigate, disrupt and prosecute suspected straw purchasers and firearms traffickers.

### FTTF Structure

Based on ATF's authority and primary mission to investigate firearms trafficking offenses, its sole delegation of authority to regulate the firearms industry—including the retail level, where firearms trafficking often originates—and its unique sources of vital intelligence (including firearms trace and multiple sales data), [REDACTED]

[REDACTED]

To capitalize on their unique border search authority, immigration and customs authorities, intelligence sources capabilities, and broad arrest and seizure powers, additional participation in the FTTFs should consist of dedicated resources from Homeland Security Investigations (HSI), U. S. Customs and Border Protection (CBP), and BEST Teams.

Whenever possible, FTTFs should also include additional agency partners, including some not traditionally involved with firearm trafficking but which may otherwise provide useful intelligence or authority, such as the Internal Revenue Service (IRS) (to leverage financial reporting requirements of firearms retailers) and other Federal, state and local agencies that have an equity in firearms trafficking (e.g. state Department of Public Safety officials).

The full *Operation Southbound* Southwest Border Firearms Trafficking Strategy document describes in detail the individual roles and methods to be used by ATF personnel. It specifically defines the roles of the Field Division Criminal Enforcement and Intelligence Operations Programs, as well as the FTTF framework, composition and locations. Consistent with *Project Guardian*, it requires the Field Division SACs to work with their respective U.S. Attorney's to formulate a prosecutorial plan and guidelines to address firearms trafficking to Mexico.

### Industry Operations

ATF recognizes Industry Operations as a vital part of *Operation Southbound* as they develop leads for criminal investigation and bring awareness to industry partners. ATF Field Divisions will build on the vital relationships they maintain with the firearms industry and educate Federal Firearms Licensees (FFLs) on trafficking trends, weapons of choice, and encourage information sharing to identify and disrupt the diversion of firearms. Industry Operations will exploit trace and multiple sale data to ensure FFLs that are potential sources for firearms traffickers are

(U/LES) ATF Southwest Border Firearms Trafficking Strategy

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identified for inspection. The Major Inspection Team (MIT) will be used to conduct focused inspections to generate Suspicious Activity Reports to identify potential traffickers for criminal investigation.

**ATF Headquarters**

Coordination and intelligence support from ATF headquarters is another vital piece to *Operation Southbound*. This includes the unique capability of *Project Thor*, the analytical support of the Criminal Intelligence Division, and the crucial role of the Mexico Country Office.

**Interagency Integration**

Headquarters personnel will leverage partnerships, to include DEA-SOD, the National Targeting Center, and others, for coordination amongst agencies and to provide intelligence information across divisional, agency, regional, and national boundaries.

*Operation Southbound* shall work in conjunction with HSI and CBP's "Operation Without a Trace" to enhance intelligence sharing and coalesce investigative resources to further identify, disrupt, and dismantle firearms trafficking networks supplying firearms to TCOs, who utilize firearms to fuel violence in the United States and abroad.

*Operation Southbound* will advance ATF's Strategic Goal #1: Deter Illegal Firearms Trafficking and Violent Gun Crime, and Strategic Goal #2: Combat Criminal Organizations. It also fulfills the goals of the 2017 Executive Order and the U.S. Attorney General's Department of Justice Strategic Goals for 2018–2022.



**From:** [Tortorici, Jason M.](#)  
**To:** [REDACTED]  
**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico  
**Date:** Tuesday, February 8, 2022 7:08:55 PM  
**Attachments:** [image001.png](#)  
[220128 SOC of SubIPC Small Group on Arms Trafficking.pdf](#)  
[Project THOR.pptx](#)  
[WaT NSC.pptx](#)  
[image002.jpg](#)

---

[REDACTED],

Meant to forward this email not the last one...(see email string below)

[REDACTED],

Unless I missed something, I know you and I did not brief Thor nor can I recall Thor ever being mentioned by name during any of our discussions with [REDACTED], the Ambo, and at the meeting at SRE. Cases under Thor ([REDACTED], Pearson, etc.) were mentioned both on the USG and GoM side and general conversation about collaborative efforts on the USG side were obviously mentioned which Thor falls under, but I don't recall, nor do I have anything in my notes where Thor was specifically discussed. I'm sure HSI has been part of numerous Thor briefings in the past and not sure if HSI had any side meetings while in country?

Jason M. Tortorici

Deputy Chief

ATF HQ-International Affairs Division

[REDACTED]

[REDACTED]

Washington, DC 20226

Desk: [REDACTED]

Cell: [REDACTED]

[REDACTED]

---

**From:** [REDACTED] [REDACTED]@atf.gov>

**Sent:** Tuesday, February 8, 2022 6:19 PM

**To:** [REDACTED] [REDACTED]@atf.gov>; Tortorici, Jason M. [REDACTED]@atf.gov>

**Cc:** [REDACTED] <[REDACTED]@atf.gov>

**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico

Good Afternoon Gentlemen,

Please see attached documents and chain of emails below. I spoke to HSI SA [REDACTED] who advised that DHS recently approached GOM to discuss their firearm trafficking efforts and DHS believed we

(ATF) should also participate in the brief. SA [REDACTED] wanted to provide me, as the ATF Rep for Project Thor, with notice that the request may be coming from the "higher ups." SA [REDACTED] is the HSI Rep for Project Thor and is aware that Project Thor is currently on stand-by status. Additionally, SA [REDACTED] asked if there was a more up to date Project Thor PowerPoint available. I told him we did not have a more current PPT and informed him that DEA SOD did not want Project Thor briefed to anyone without their prior approval. SA [REDACTED] understood and made mention that he read an AAR from the firearms trafficking summit in Mexico with GOM two weeks ago, that Project Thor was mentioned (briefed?) several times.

Jason,

I know you said that Project Thor was not mentioned in any of the meetings you attended down in Mexico a couple of weeks ago. Can you advise if the forum lent itself to "closed door" meetings between USG agencies (DHS Components) and GOM where Project Thor could have been discussed? As you know, we're trying to remain in the good graces of DEA SOD regarding Project Thor despite the minor setbacks we've had over the past several months. I'd like to make sure we continue to abide by their guidance and to ask our Project Thor partners to do the same.

Please let me know if you have any questions.

Thank you,

[REDACTED]  
Special Agent

ATF / OSII-CID

DEA/SOD Staff Coordinator

Cell: [REDACTED]

Desk: [REDACTED]

Email: [REDACTED]@atf.gov

---

**From:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Sent:** Tuesday, February 8, 2022 3:33 PM

**To:** [REDACTED] <[REDACTED]@atf.gov>

**Cc:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Subject:** [EXTERNAL] FW: Sub-IPC re Weapons Trafficking & Mexico

[REDACTED],  
As discussed, see below and see if this is something we can work together moving forward. Feel free to call us if there are any issues, questions or concerns. Be safe brother

---

**From:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Date:** Friday, Feb 04, 2022, 3:45 PM

**To:** [REDACTED] <[REDACTED]@ice.dhs.gov>, [REDACTED]  
[REDACTED]@cbp.dhs.gov>, [REDACTED] <[REDACTED]@cbp.dhs.gov>

**Subject:** RE: Sub-IPC re Weapons Trafficking & Mexico

WaT Team,

See below tasking from DHS and attached. These presentations attached were previously used to brief the National Security Council (NSC). As you can read below, the NSC is soon going to request a meeting with HSI/CBP & ATF to discuss current efforts, gain insights on the impact/limitations of those efforts, allow those discussions to illuminate gaps that exist within the USG/Mexico, and determine if NSC-process or policy initiatives may address those gaps. Lets collaborate together to

update the WaT PP and ask ATF nicely if they can update theirs, although we are in no position to make them comply. If that's the case, we will report so. I know Thor is currently going through some restructuring.

Thank you,

[REDACTED] | Section Chief  
Homeland Security Investigations  
National Targeting Center – Investigations (NTC-I)  
Passenger, Cargo & Prohibited Items Section

[REDACTED]  
[REDACTED]@ice.dhs.gov

---

**From:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Sent:** Friday, February 4, 2022 2:55 PM

**To:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico

This one is important....Can you get with CBP to update the WaT and see if you can work with ATF to get theirs updated?

[REDACTED], Unit Chief

NTC-I Homeland Security Investigations

Cell: [REDACTED]

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---

**From:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Sent:** Friday, February 4, 2022 2:41 PM

**To:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico

I imagine you have this covered??

Thanks

[REDACTED]  
Unit Chief / (A) Division Chief  
Public Safety & Border Security  
Homeland Security Investigations  
Washington, D.C.

---

**From:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Sent:** Friday, February 4, 2022 2:39 PM

**To:** [REDACTED] <[REDACTED]@ice.dhs.gov>; [REDACTED]

<[REDACTED]@ice.dhs.gov>

**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico

Let's not forget to update this...

---

**From:** [REDACTED] [REDACTED]@ice.dhs.gov>

**Sent:** Thursday, February 3, 2022 4:15 PM

**To:** [REDACTED] [REDACTED]@ice.dhs.gov>

**Cc:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Subject:** FW: Sub-IPC re Weapons Trafficking & Mexico

Hi [REDACTED], please see below. Are you in a position to facilitate any updates for [REDACTED]... thanks

Regards,

[REDACTED]

[REDACTED]

---

**From:** [REDACTED] <[REDACTED]@hq.dhs.gov>

**Sent:** Thursday, February 3, 2022 9:21 AM

**To:** [REDACTED] <[REDACTED]@ice.dhs.gov>

**Cc:** [REDACTED] [REDACTED]@HQ.DHS.GOV>; [REDACTED] <[REDACTED]@HQ.DHS.GOV>;

[REDACTED] <[REDACTED]@HQ.DHS.GOV>

**Subject:** Sub-IPC re Weapons Trafficking & Mexico

Hi there!

Well, this (= me contacting you regarding CTOC efforts) didn't take long

Last week, DHS PLCY participated in a Sub-IPC on weapons trafficking and Mexico. While DOJ led most of the conversation, DHS PLCY recommended the NSC meet with those DHS and DOJ POCs leading Project THOR and Operation Without a Trace so they may obtain a briefing on current efforts, gain insights on the impact/limitations of those efforts, allow those discussions to illuminate gaps that exist within the USG/Mexico, and determine if NSC-process or policy initiatives may address those gaps. I am certain this baseline of knowledge can be obtained in one meeting with the Project THOR and Operation Without a Trace teams.

Before the NSC begins coordinating this briefing in response to the last bullet of the Sub-IPC SOC, I wanted to share the attached—which were power point presentations that HSI, CBP, and ATF created for a previous NSC project on this very issue. Rather than reinventing the wheel, I was hoping we could update the presentations to ensure they reflect the current focus and recommendations. FYSA, [REDACTED] was the HSI POC and [REDACTED] was the ATF POC. Would it be possible for the HSI team to take point on updating these presentations? If there is a more efficient way to do this or a different way-forward that would be more helpful, please let me know. Feel free to call me, if you would like to discuss this further. I can make myself available at your convenience.

Thanks so much in advance!

[REDACTED]

Senior Advisor on Transnational Organized Crime

Office of Strategy, Policy, & Plans | Department of Homeland Security

Gov iPhone: [REDACTED]



**Summary of Conclusions for Sub-Interagency Small Group Policy Committee Meeting on  
Arms Trafficking**

**Friday, January 28, 2022**

**Time: 2:00 p.m. to 3:00 p.m.**

**Location: Zoom for Government**

(U) Participants:

DOJ	HSI	State/INL
ATF	CBP	US Embassy Mexico City
FBI	ODNI	NSC Staff: #CTC,
DEA	CIA	#LEGAL
DHS	State/WHA	

(U) It was discussed or agreed that:

- (SBU//FOUO) NSC Staff outlined the scope and priorities of the Sub-IPC process, including to facilitate U.S. Department and Agency (D/A) coordination on arms trafficking, address bottlenecks and constraints, and ensure a targeted list of prioritized high-level asks for Mexico. NSC Staff underscored that the process would complement operational work done on arms trafficking under the Bicentennial Framework for Security as well as ongoing dialogue between Department of Justice (DOJ) and Mexican counterparts.
- (SBU//FOUO) DOJ provided a readout of recent engagement in Mexico City, and noted the need to continue focusing on extraditions and indictment of key facilitators of arms trafficking in the United States.
- (SBU//FOUO) The Department of State Bureau of International Narcotics and Law Enforcement noted that its work in Mexico was focused on interdiction, prosecution, and professionalization, and highlighted an opportunity to focus on border infrastructure. Other D/As noted constraints within Mexico, such as lack of tracing data, lack of information sharing at the local level, lack of targeting technology, and not enough resources for southbound inspections. D/As pointed to resource and legal constraints with the U.S. Government that hampered their ability to effectively prosecute and detect Mexico-bound weapons trafficking.
- (U//FOUO) Select D/As will provide a list of policy priorities and constraints faced by their agencies, both within the United States and with respect to Mexico. NSC Staff will send a separate list of guiding questions to shape responses, and will reference issues raised by the February 2021 GAO Report entitled “Firearms Trafficking: U.S. Efforts to Disrupt Gun Smuggling into Mexico Would Benefit from Additional Data and Analysis.” **(Action: NSC will send questions by February 4; D/As respond by COB February 18)**
- (U//FOUO) D/As discussed a potential focus on military-grade weapons as a way to hone efforts. The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), in

coordination with appropriate partners, will provide additional background on technical terminology to inform the discussion. (**Action: ATF, DOJ by February 11**)

- (U//FOUO) NSC Staff will reach out to law enforcement partners to obtain baseline data and information on ongoing programs like Project Thor as an input to future discussions. (**Action: NSC Staff, by February 4**).



## BACKGROUND

- Reported that 60% of murders in Mexico are have been carried out with firearms, most of which were obtained in the United States.
- Straw purchases at traditional brick and mortar gun stores, gun shows, online, or through person to person sales serve as the initial node within the supply chain.
- Consolidators coordinate the transportation of these “straw purchased” firearms to Mexico.
- Illicit proceeds of crime transnational crime promote firearms purchases, often with cash not previously laundered.
- The U.S. firearms retail industry has consistently failed to adhere to cash reporting requirements under Title 31 (FinCEN form 8300).
- Straw purchasers remain anonymous due to this endemic reporting failure

## OPERATION WITHOUT A TRACE

### PARTNERSHIP



*Operation Without a Trace is a framework for combatting Mexico-Based Transnational Criminal Organizations (TCOs) through partnership between HSI, CBP, and ATF.*



## OBJECTIVES

- Provides a template for a unified DHS strategy to combat the illicit flow of firearms and firearms components from the United States into Mexico.
- Focuses on the financing, supply chain movement, and communications employed by firearms procurement and smuggling networks.
- Intelligence collection across foreign and domestic sources to fuel an analytics driven strategy and lead generation plan.
- Information sharing between the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) and DHS agencies to identify high value targets and track points of sale via bulk firearms tracing data.
- Participants from CBP and HSI's domestic and international components will couple with ATF to implement interdiction and investigative actions.
- Roles and responsibilities will be delineated from the inception of intelligence collection plans through execution of enforcement operations and subsequent investigations.







## WaT Support for Ongoing Operations

**OPERATION STRAWMAN** – Coordinated effort between Government of Mexico (GOM) and HSI International Operations in which e-Trace data acquired from firearms recovered at cartel crime scenes in Mexico is disseminated to HSI field offices as investigative referrals

**OPERATION FROZEN** – A capacity building initiative aimed at coordinating outbound U.S. operations along the Southwest border with GoM operations. The focus is on enhanced detection through increased personnel and equipment deployment.

**PROJECT THOR** – An ATF led, inter-agency effort to illuminate southbound firearms trafficking networks and deploy investigative resources against key nodes







## Target Platforms

The **M134 Minigun** is a 7.62×51mm NATO six-barrel rotary machine gun with a high, sustained rate of fire (2,000 to 6,000 rounds per minute). It features a Gatling-style rotating barrel assembly with an external power source, normally an electric motor. The "Mini" in the name is in comparison to larger-caliber designs that use a rotary barrel design, such as General Electric's earlier 20 mm M61 Vulcan, and "gun" for the use of rifle ammunition as opposed to autocannon shells.

"Minigun" refers to a specific model of weapon that General Electric originally produced, but the term "minigun" has popularly come to refer to any externally powered rotary gun of rifle caliber







## Target Platforms (cont.)

The **M249 Squad Automatic Weapon (SAW)** is a 5.56×45mm NATO belt or magazine fed rifle manufactured in the United States and is widely used in the U.S. Armed Forces. The weapon was introduced in 1984 after being judged the most effective of a number of candidate weapons to address the lack of automatic firepower in small units. The M249 provides infantry squads with the high rate of fire of a machine gun combined with accuracy and portability approaching that of a rifle. M249s have seen action in every major conflict involving the United States since the U.S. invasion of Panama in 1989.







## Target Platforms (cont.)

The **Barrett M82a1** is a .50 BMG (12.7×99mm NATO), recoil-operated, semi-automatic anti-materiel sniper system developed by the American Barrett Firearms Manufacturing company. Despite its designation as an anti-materiel rifle, it is commonly used by TCOs as an anti-personnel system.







## Anticipated Actions

- 0-60 Days: WaT will identify a list of the most egregious industry violators of Title 31 reporting requirements and develop a Cornerstone outreach campaign in conjunction with the ATF.
- 0-60 Days: WaT will provide forensic evidence recovery training across those SWB offices and POEs who do not have access to HSI ERT resources.
- 0-90 Days: WaT, in conjunction with JTF-W, will spearhead a campaign via tip-line and public service announcements aimed at eliciting information from the public regarding firearms trafficking.
- 0-6 Months: WaT will continuously ensure compliance with the collection emphasis message issued by CBP and HSI January 2, 2020, in order to enrich targeting and provide higher value lead generation.
- 0-6 Months: WaT will leverage inter-agency partner capabilities and resources in support of Project Thor, operation Frozen, and Operation Strawman

## Statistics as of March 13, 2020



• INVESTIGATIONS OPENED:	160
• FIREARMS SEIZED:	54
• MAGAZINES SEIZED:	370
• MOBILE COMMS DEVICES SEIZED:	28
• ROUNDS OF AMMUNITION SEIZED:	76,791







## National Security Council – U.S. Council on Transnational Organized Crime Strategic Division

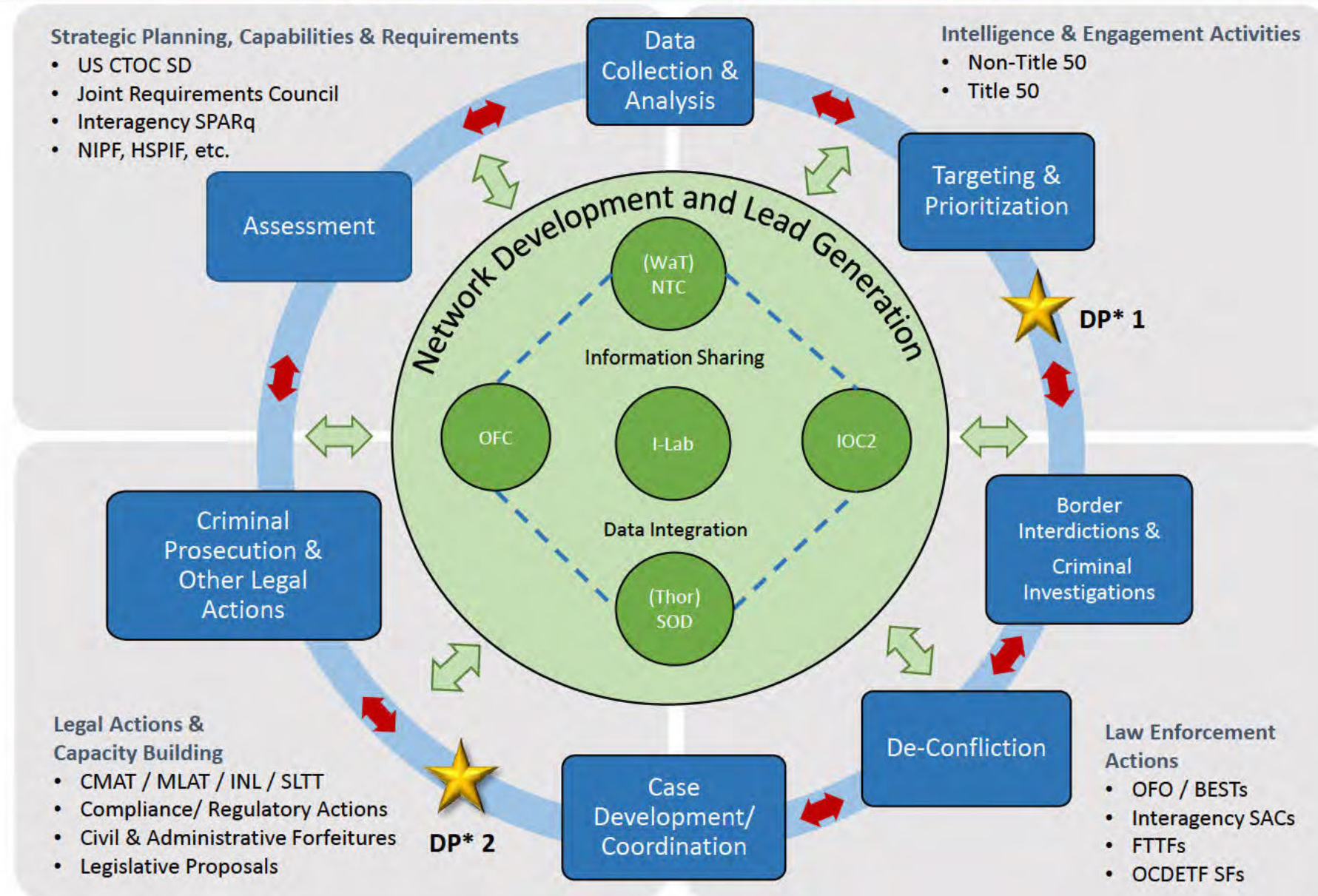
- Identified firearms trafficking on SWB a national priority in “whole of government” efforts to combat TOC.
- Interagency Summit held in February to leverage the full authorities of the USG against this threat.
- Three major Lines of Effort identified.
  - Intelligence Sharing
  - Operations Coordination
  - Capacity Building in Mexico
- HSI co-led the week long Summit Operations Coordination Work Group (HSI, CBP, ATF). Discussions with the interagency resulted in the following pre-decisional Operational Coordination Framework.
  - WaT will be adopted as the interagency umbrella operation for SWB Firearms Trafficking.
  - ATF will form Federal Firearms Trafficking Task Forces (FTTFs) to illuminate straw buyer/consolidation networks.
  - HSI BEST will be designated as the interagency response mechanism for SWB related seizures, and planned operations.
  - Project Thor will compliment this umbrella strategy by developing cases and with intelligence support.
  - HSI Innovation Lab under consideration to create automated interagency information sharing and targeting platform between NTC - I, SOD, OFC and IOC2.







# South West Border Firearms Trafficking (Pre-Decisional Working Draft) Operational Coordination and Information Sharing Model



\*Decision Point (DP): Conduct Inspection, Pursue Compliance / Regulatory Action, and / or Prosecution



(U) Summary of Conclusions for  
Sub-IPC on Arms Trafficking to Canada and Mexico

Tuesday, March 1, 2022

9:00-10:20 am

EEOB 445

(U) Participants:

ATF  
CBP  
DHS  
DOJ  
DIA

HSI  
State  
USCTOC-SD  
USPIS  
DPC

(U) It was discussed or agreed that:

- (U//FOUO) NSC Staff provided an overview on U.S. Departments' and Agencies' (D/A) responses to questions on constraints to combatting arms trafficking, existing programs, and priorities along the U.S. northern and southern borders. Based on those submissions, NSC Staff identified three key areas of constraints: legal/regulatory, resource, and data/information sharing.
- (U//FOUO) Based on D/A feedback, NSC Staff, in coordination with the Domestic Policy Council, will propose a work plan to tackle specific constraints and address identified operational and information-sharing gaps. **(Action: NSC Staff, by March 14)**
- (U//FOUO) Embassy Mexico City and Embassy Ottawa described recent trends and each country's perspective on the issue of arms trafficking. Embassy Mexico City will collate a list of actions we would like the Government of Mexico to undertake regarding arms trafficking, in coordination with existing processes under the U.S.-Mexico Bicentennial Framework for Security, Public Health, and Safe Communities. **(Action: State, by March 8)**
- (U//FOUO) Embassy Ottawa described constraints and current engagement regarding arms trafficking in Canada, and agreed to provide responses to diagnostic questions as laid out in the January 28 Summary of Conclusions, with a goal of identifying requests to make of Canada in advance of the Cross-Border Crime Forum. **(Action: State, by March 14)**
- (U//FOUO) The Department of Homeland Security (DHS) Homeland Security Investigations (HSI) and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) agreed to provide additional information on Project Thor and Operation Southbound and recommend any new areas of focus or modifications to ensure complementarity. The Department of Justice (DOJ) also agreed to identify additional support to Project Thor with a view toward bolstering work on prosecutions. Agencies should report progress to NSC Staff. **(Action: HSI, ATF, and DOJ, by March 8)**

- (U//FOUO) DHS agreed to identify specifics about what additional cargo information is needed and how the United States or Mexico would benefit from that information. **(Action: DHS, by March 11)**
- (U//FOUO) The Export Enforcement Coordination Center (E2C2) noted its role as the primary forum for enforcement and intelligence agencies to coordinate, reconcile, and enhance export enforcement. E2C2 will provide the NSC with additional information on its process and how it might be leveraged to include conventional weapons and weapons parts exported to Mexico and Canada. **(Action: E2C2, by March 8)**

**From:** Creamer, John S (Mexico City) <[REDACTED]@state.gov>  
**Sent:** Wednesday, December 4, 2019 12:32 PM  
**To:** Landau, Christopher (Mexico City)  
**Cc:** [REDACTED]  
**Subject:** FW: Operation Thor's Hammer case information for the Ambassador  
**Attachments:** Thor's Hammer Case Summary.pdf; Thor's Hammer US Ambassador memo.docx

Amb,

I am forwarding to you the attached follow up information on Operation Thor which [REDACTED] received from his colleagues how briefed you two weeks ago.

Regards,

John

---

Sir,

It was an honor to brief you two weeks ago on our counter-firearms proliferation initiative, Project Thor. Thank you very much for taking your time to meet with us.

As a follow up to our discussion regarding Thor, I am sending you a memo and case synopsis from Senior Litigation Counsel [REDACTED] regarding [REDACTED] work on a firearms trafficking network, Operation Thor's Hammer. Through its unique capabilities, this is one of the networks that Project Thor identified, dismantled, and is prosecuting. This network had been operating for years, supplying hundreds of machine guns to Cartel del Noreste (CDN). I thought it would be a helpful reference for you and your office as an example of a successful, ongoing U.S. inter-agency (ATF, SOD, USPIS, FBI, USMS, DOJ, and USAO Eastern District of Arkansas) effort to stem the flow of illicit weapons to the Mexican cartels.

We look forward to seeing you again when we visit in February. Please let me know if we at Thor can be of any further assistance to you and your office.

Sincerely,

[REDACTED]



[REDACTED]

SENIOR SPECIAL AGENT  
ATF / OSII  
DEA/SOD Staff Coordinator  
PHONE: [REDACTED]  
CELL: [REDACTED]



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# Memorandum



Subject	Date
OCDETF Operation Thor's Hammer	December 3, 2019
To: [REDACTED] ATF SENIOR SPECIAL AGENT	From: [REDACTED] SENIOR LITIGATION COUNSEL

In OCDETF Operation Thor's Hammer, the Eastern District of Arkansas (EDAR) is prosecuting United States national, Andrew Scott Pierson (PIERSON), and others under SOD Operation Nordic Giant | Project Thor. OCDETF Operation Thor's Hammer addresses trafficking of designated defense articles (firearm parts) to Mexico for manufacture into weapons for the cartels.

In this case, the EDAR has a direct link to the defense article trafficking through an individual's receipt of counterfeit Colt 80% lowers for cerakoting in May 2017. This individual, located in Arkansas, recognized immediately that the parts he received were counterfeit and contacted law enforcement. The 80% receivers were traced to an organization operating in Laredo, Texas whose members were transporting firearm parts to PIERSON in Nuevo Laredo, Mexico. PIERSON assembled the parts into functioning automatic weapons for the Cartel Del Noreste (CDN).

PIERSON was a target of the investigation beginning in June 2017, and the impediment to prosecution was locating PIERSON in Nuevo Laredo, Mexico and bringing him to the United States to face an indictment. On December 3, 2018, PIERSON was arrested by Mexican police, taken to the border crossing, and given an option to surrender himself to U.S. authorities (knowing he had an outstanding arrest warrant from 2014 in the Northern District of OK), or be taken into Mexican custody. PIERSON elected to surrender to the U.S. arrest warrant. After surrendering, PIERSON gave a recorded interview in which he admitted to ordering and receiving firearm parts from the United States and manufacturing automatic weapons in Mexico for CDN.

On March 5, 2019, an indictment charging PIERSON with conspiracy to traffic in counterfeit goods was presented and returned in the EDAR. PIERSON waived bond and remained in custody in the EDAR. On September 5, 2019, a superseding indictment was presented and returned in the EDAR charging PIERSON and others with the following crimes:

1. **Conspiracy to Traffic in Counterfeit Goods** (Title 18, United States Code, Sections 2320 and 371)
2. **Attempt and Conspiracy to Violate the Arms Export Control Act (AECA)** (Title 22, Code of Federal Regulations, Parts 120-130, Title 22, United States Code, Section 2778; Title 18, United States Code, Section 2).

3. **Attempt and Conspiracy to Violate the Foreign Narcotics Kingpin Designation Act** (Title 31, Code of Federal Regulations, Parts 598.203, 598.204, and 598.701; Title 21, United States Code, Sections 1904 and 1906; and Title 18, United States Code, Sections 2 and 3551 *et seq*).

Others charged with PIERSON included Maria ALMENDAREZ, who coordinated shipments of firearm parts across the U.S./Mexico border to PIERSON, [REDACTED] Alejandro QUIROZ, Abraham CALDERON, Enrique OLIVAS, and Betty Joann COOK, U.S. nationals who assisted with opening bank accounts, depositing funds and facilitating Internet parts orders, and FNU LNU "OSO," the CDN connection in Mexico (who is unidentified and not yet arrested).

During the investigation, Little Rock ATF Special Agent [REDACTED] made contact with ATF Mexican Attaché [REDACTED], who covers an area including Nuevo Laredo, Mexico. In furtherance of the PIERSON investigation, Attaché [REDACTED] used his established connections with the Mexican authorities to draw attention to the wanted fugitive, PIERSON. Following the Mexican police arrest and removal of PIERSON, Attaché [REDACTED] used established contacts to obtain photographs of evidence seized by Mexican police from PIERSON's manufacturing location in Nuevo Laredo. Attaché [REDACTED] also used established contacts at the [REDACTED] to gain access to the evidence seized from the manufacturing location in order to take his own photographs. Attaché [REDACTED] made himself available to SA [REDACTED] and AUSA [REDACTED] on a number of occasions to discuss the case and to answer questions regarding cartel activity and working with the Mexican authorities, and on February 8, 2019, he participated in a successful proffer interview with one of PIERSON's co-defendants in Little Rock, Arkansas.

The prosecution of the PIERSON firearms trafficking organization in Operation Thor's Hammer is a critical piece of SOD Project Thor. Operation Thor's Hammer is the first Mexican cartel firearm parts exportation and manufacturing case to be indicted successfully, and the indictment of PIERSON and his network substantially reduced the availability of firearms to CDN, at least in the short term. The prosecution of the PIERSON network has been possible because the United States was able to obtain tangible evidence of the Nuevo Laredo firearm manufacturing operation along with a witness, Attaché [REDACTED], who is available to testify at trial in the United States.

The investigation into PIERSON's contacts with CDN and the firearms distribution network in Nuevo Laredo, Mexico is ongoing. Intelligence information has revealed that since PIERSON's removal to the United States, the manufacture and availability of firearms used by CDN has been impaired. The EDAR is also working in coordination with DOJ's National Security Division (NSD) and Special Operations Division (SOD) to explore avenues by which to indict additional firearm violations committed in Mexico that involve a U.S. national, or a U. S. national interest. An analysis of 18 U.S.C. § 2339A, which covers knowingly or intentionally providing material support to persons planning, executing, or concealing an act of terrorism, is being looked at in the context of the PIERSON organization, and as a vehicle for indicting firearm seizures within Mexico, where the firearms are traceable to purchase and export from the United States. The EDAR is exploring the jurisdiction and venue questions in order to take-on additional firearm trafficking cases that do not have a direct link to subjects within the EDAR. The EDAR has an intense interest in pursuing the firearm violations under OCDETF Operation Thor's Hammer as a means to stemming the ongoing violence in Mexico that is linked to export of firearms from the United States.

## **Thor's Hammer – Case Summary**

This case is related to SOD Operation Nordic Giant – Project Thor that addresses trafficking of designated defense articles (gun parts) to Mexico for manufacture into weapons for the cartels.

The Eastern District of Arkansas (EDAR) has a direct link to this trafficking through an individual's receipt of counterfeit Colt 80% lowers for cerakoting in May 2017. This individual recognized immediately that the parts he received were counterfeit and contacted law enforcement. The 80% receivers were traced to an organization operating out of Laredo, Texas whose members were transporting various firearm parts to Andrew Scott PIERSON in Mexico. PIERSON assembled the parts into functioning automatic weapons and sold the weapons to the CDN and CJNG cartels.

On December 3, 2018, PIERSON was arrested by Mexican police, taken to the border crossing, and given an option to surrender himself to US authorities (knowing he had an outstanding arrest warrant from 2014 in the Northern District of OK), or be taken into Mexican custody. PIERSON elected to turn himself in on his arrest warrant. After surrendering on the US side, PIERSON gave a recorded interview in which he admitted to ordering and receiving firearm parts from the United States and manufacturing automatic weapons in Mexico that were sold to the cartels.

On March 5, 2019, an indictment charging PIERSON with conspiracy to traffic in counterfeit goods was presented and returned. PIERSON waived bond and remains in custody.

The narrative below summarizes the background for the September, 2019 Superseding Indictment charging:

1. **Conspiracy to Traffic in Counterfeit Goods** (Title 18, United States Code, Sections 2320, and 371)
2. **Attempt and Conspiracy to Violate the Arms Export Control Act (AECA)** (Title 22, Code of Federal Regulations, Parts 120-130, Title 22, United States Code, Section 2778; Title 18, United States Code, Section 2).
3. **Attempt and Conspiracy to Violate the Foreign Narcotics Kingpin Designation Act** (Title 31, Code of Federal Regulations, Parts 598.203, 598.204, and 598.701; Title 21, United States Code, Sections 1904 and 1906; and Title 18, United States Code, Sections 2 and 3551 *et seq*).

## **EVIDENCE OF TRAFFICKING IN COUNTERFEIT GOODS AND VIOLATION OF THE ARMS CONTROL EXPORT ACT (AECA)**

December 15, 2006, PIERSON was convicted of three felony charges in the Eastern District of New York related to the unlawful importation of ketamine.

October 30, 2013, PIERSON participated in an online conversation in which he remarked, "You helped me make a decision on the size collets I want for my g0704." "g0704" refers to a Grizzly Industrial Model G0704 milling machine, which is a piece of industrial equipment that can be used to finish incomplete firearm frames. (*Note: A "collet" is a metal sleeve used to grip the shaft of a rotating bit in a router, milling machine, or similar type of industrial equipment.*)



In or around June 2014, ATF Special Agents assigned to the Tulsa, Oklahoma Field Office discovered that PIERSON made 221 purchases from an on-line website that included machinegun parts, AR-15/M-16 Drilling Jig Fixtures used to convert semi-automatic rifles into automatic weapons, and AR-15 80% lower receivers. PIERSON had these items shipped to his mother, Betty Cook KENDALL (KENDALL), in Jay, Oklahoma, who in turn shipped them to Maria ALMENDAREZ (M. ALMENDAREZ) at [REDACTED] Laredo, Texas 78046.

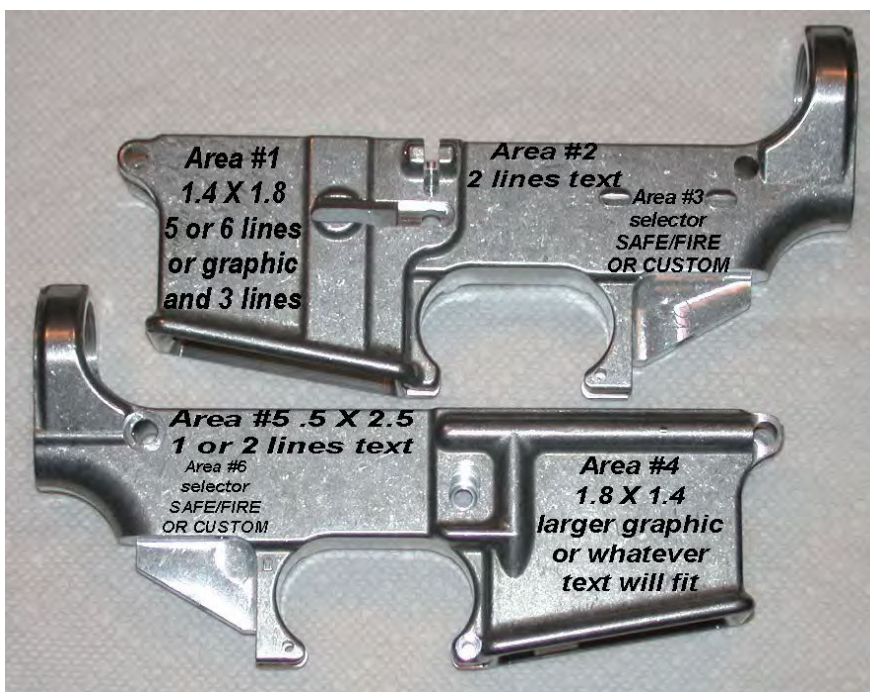
In November 2014, PIERSON was indicted for violations of Title 18 United States Code, Section 922(g)(1), and the United States District Court for the Northern District of Oklahoma issued a warrant for his arrest. PIERSON became a fugitive from justice and was unable to be located beginning in November 2014 and continuing until December 10, 2018.

On or about August 1, 2017, United States Postal Inspection Service (USPIS) Inspector [REDACTED] and ATF SA [REDACTED] interviewed [REDACTED] (hereafter confidential source (CS 1)). CS 1 said he/she was previously employed by Colt Manufacturing Company (Colt). He/she presently owns and operates a business in the Eastern District of Arkansas applying “cerakote” coating to firearms, and he/she advertises this service on eBay.<sup>1</sup> CS 1 said that in late May 2017, he/she began receiving messages from an individual (later identified as [REDACTED] [REDACTED] through eBay inquiring about the cost of applying cerakote to ten unfinished, 80% complete, AR-15-type firearm lower receivers.<sup>2</sup>

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<sup>1</sup> Cerakote is a ceramic-based finish often used to protect firearms from rust and corrosion.

<sup>2</sup> As 80% receivers are not fully machined, they are generally not considered to be firearms under federal law. The photograph below depicts 80% AR-15 type lower receivers with areas identified for engraving:





CS 1 preserved screenshots of his/her written eBay messages with [REDACTED]<sup>3</sup> and provided a digital copy of them to agents. CS 1 said he/she and [REDACTED] agreed on a price of \$10 per lower receiver. CS 1 said [REDACTED] indicated that someone in California, who was described as "the Engraver," would ship the lower receivers to him/her through the United States Postal Service. [REDACTED] instructed CS 1 to send the receivers to [REDACTED] Laredo, Texas, after he/she had applied the cerakote finish. Further, [REDACTED] indicated that if these lower receivers sold well, [REDACTED] would have thirty more shipped to CS 1 to cerakote. CS 1 said a package from [REDACTED], "the Engraver," arrived at his/her business in early June 2017. CS 1 opened the box and examined one of the receivers. CS 1 saw that the receiver had a Colt emblem and serial number on it. CS 1 said he/she knew immediately that the receiver was counterfeit. Due to his/her professional experience, CS 1 concluded that the receiver was not authentic, because Colt would only put its emblem and a serial number on finished firearms, not incomplete 80% receivers. Additionally, CS 1 explained that Colt places its branding mark and serial numbers by using a "rolling stamp."<sup>4</sup> In contrast, the markings on the 80% receiver sent by the Engraver appear to have been laser engraved onto the receiver. Accordingly, CS 1 contacted the local police department to report that he/she had received counterfeit items. CS 1 stated that when he/she asked [REDACTED] about the receivers, [REDACTED] responded that the Engraver forgot to mark the receivers as novelty items. Eventually, [REDACTED] instructed CS 1 to ship the receivers back to the Engraver at [REDACTED] California.

In or around July 2017, U.S. Postal Inspectors seized 10 counterfeit Colt AR-15/M4 lower receivers in [REDACTED] California. The logos and other markings appeared to have been made by laser etching, as opposed to "roll stamping" as is typically used by Colt's Manufacturing Company Inc. The receivers were counterfeits of two distinct Colt M4 models and each contained a non-sequential serial number. The counterfeit receivers were seized in a box containing an invoice indicating they were purchased by "JULIO" at his known address, and were to be delivered to [REDACTED] at [REDACTED] [REDACTED] California, [REDACTED] – the same address [REDACTED] provided to CS 1 when he asked him to ship other AR-15 blanks back to "the Engraver" a month earlier.

According to experts at ATF, Colt firearms are highly prized by members of Mexican drug organizations. Cartel members deliberately use counterfeit Colt rifles because in Mexico, these weapons are issued exclusively to Mexican armed forces and law enforcement units. The criminal organizations use authentic and fraudulent Mexican military uniforms and other tactical equipment to operate under the guise of being real soldiers or police officers without drawing the attention of the Mexican authorities. Accordingly, firearms smugglers attempt to maximize their profits by cloning or selling counterfeit military grade Colt firearms.

In March 2018, investigators received information indicating PIERSON's previous residence in Jay, Oklahoma was abandoned, and that PIERSON's [REDACTED], and [REDACTED] were living at [REDACTED]. The [REDACTED] State Police contacted [REDACTED] at this residence, and [REDACTED] gave consent for the officers to search the residence for fugitive PIERSON. The officers did

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<sup>3</sup> PIERSON is believed to have been using the identity of [REDACTED] and others to place on-line orders.

<sup>4</sup> ATF firearms experts have also observed that Colt uses a "rolling stamp" to put its serial numbers onto firearms.



not find PIERSON or his mother, Betty KENDALL. [REDACTED] told the officers that PIERSON was living in Mexico with [REDACTED] mother, Betty KENDALL. The officer asked [REDACTED] specifically if PIERSON and [REDACTED] mother lived together in Mexico. [REDACTED] was evasive and did not answer this question. She indicated she did not know how to contact [REDACTED] mother in the event of an emergency.

On or about December 10, 2018, the ATF received notification from the U.S. Marshals Service that PIERSON had been arrested at one of the ports of entry (from Mexico) in Laredo, Texas. The arrest was based on the arrest warrant issued in connection with PIERSON's Northern District of Oklahoma indictment in November, 2014. On or about December 10, 2018, PIERSON provided a *post-Miranda* interview to ATF Special Agents in Laredo, TX. PIERSON indicated he was arrested in Mexico by Mexican authorities, and he was taken to the border with the United States and advised he could re-enter the United States. PIERSON stated he walked to the port of entry and presented himself to Customs and Border Patrol where he was taken into custody. PIERSON explained that he met previously with some members of the "Cartel Del Noreste" (CDN) in Nuevo Laredo, Mexico. PIERSON admitted to building and repairing fully automatic firearms for CDN. PIERSON also admitted to meeting with members of the "Cartel Jalisco Nueva Generacion" (CJNG) in Guadalajara, Mexico. PIERSON admitted to building and repairing fully automatic firearms for CJNG. PIERSON stated he met with the cartel members through his friend, JULIO GARCIA (JULIO). PIERSON stated the cartel members would give the firearms to JULIO, and JULIO would bring the firearms to PIERSON to repair. PIERSON admitted to repairing numerous firearms for CDN.

PIERSON's operations required significant support from others, especially in the form of moving the firearms parts and cash across the border. Initially, JULIO, M. ALMENDAREZ, and [REDACTED] facilitated PIERSON's operations. Later, OSO, QUIROZ, and CALDERON facilitated the operation (as explained below).

Per PIERSON's statement, the CDN would provide money to JULIO. JULIO sent the cash to the United States where others, including M. ALMENDAREZ, would deposit it into bank accounts to facilitate the smuggling operation. PIERSON, using false names and credit cards, would order firearms parts on the internet for delivery to M. ALMENDAREZ and [REDACTED] at [REDACTED], Laredo, Texas 78046. M. ALMENDAREZ and others would strip the USPS labels from the shipping boxes and take them to JULIO, who had a crew who would smuggle them across the border into Mexico. PIERSON stated that recently two members of the CDN kidnapped JULIO in Mexico. PIERSON stated members of the CDN had learned that JULIO was also working with the CJNG, and they killed JULIO.

### **Internet Transactions**

M. ALMENDAREZ, residing at [REDACTED] Laredo, Texas 78046, is the mother of [REDACTED]. [REDACTED] is the individual who purportedly ordered the counterfeit Colt 80% lower receivers from [REDACTED] that were shipped to CS 1 in the Eastern District of Arkansas in June 2017. In January 2018, Agents received the results of a search warrant executed on the eBay account of [REDACTED]. The records show this account belonged to [REDACTED], who listed his residence as [REDACTED], Laredo, Texas 78046, however, it is thought that PIERSON was using [REDACTED] identity on eBay and other Internet sites to order equipment.



In one series of messages regarding the purchase of a CNC Engraving Machine, PIERSON (posing as [REDACTED]) wrote,

*"I am the user of this machine. You are shipping it to me. This is my family address where there will be someone to receive it."*

J. GARCIA

[REDACTED]  
[REDACTED] TX 78040-4639  
UNITED STATES  
[REDACTED] [REDACTED] [REDACTED]

This is the same address to which [REDACTED] instructed CS 1 to send the counterfeit Colt lowers after cerakoting.

On December 6, 2016, PIERSON (posing as [REDACTED]) used the eBay internal messaging system to send the following message to another eBay user:

Hello, there is a problem with this last order I bought from you. I have received several complaints about buffer weights breaking. The buffers in 9 kits were not made correctly and broke apart. And now my customers are asking for replacement buffers. Thanks.

*(Note: "buffer weights" are designed to absorb some of the recoil during the operation of a shoulder fired rifle. They are an essential part of the AR-15/M4 rifles at issue. In an AR-15 or M4, the buffer weights are found in the buttstock assembly which attaches to the lower receiver by way of a threaded tube screwed into the lower receiver.)* The implication of the message is that PIERSON was engaged in manufacturing firearms for other than personal use.

On or about February 6, 2016, PIERSON (posing as [REDACTED]) made three purchases from eBay user "[REDACTED]." The purchases totaled 63 items valued at \$1,475.37. The purchases included: (1) 11 x 223 Carry Handle Detachable & Dual Aperture A2 Rear Sight; (2) 22 x Mil' Spec Standard Adjustable Shoulder Support Rod Spring 6 Item Combo; and 30 x Mil' Spec Standard Adjustable Shoulder Support Rod Spring 6 Item Combo. He ordered the items in sufficient quantities that the other eBay user sent him a message asking if he wanted to be a wholesale customer.

On or about February 13, 2017, PIERSON (posing as [REDACTED]) used the eBay internal messaging system to exchange messages with another user. PIERSON's end of the conversation was not recovered, but the other user wrote the following in reference to a "New Weaver Picatinny Rail Flattop Detachable Removable Carry Handle Rear Sight #122123818467":

Hi there! We haven't been able to receive these from our manufacturer for about a month because they were celebrating the Chinese New Year (closed for the whole month of February) so let me double check the inventory. I will get back with you no later than tomorrow morning about this. Thank you! [REDACTED], Inc.



eBay records show that [REDACTED] made four purchases totaling \$1,129.47 from the same user, including 50 of the aforementioned 122123818467, New Weaver Picatinny Rail Flattop Detachable Removable Carry Handle Rear Sight, and three Item 111621099831, Laser Bore Sights.

On May 19-22, 2017, a Visa debit card ending in [REDACTED] was used in 22 PayPal transactions and none thereafter. Some of the transactions were in Mexican currency. On May 22, 2017, "J. Garcia," probably JULIO or PIERSON using JULIO's identity, purchased 10 x 80% AR-15 lower receivers for \$290 plus \$46.72 for shipping and handling. He ordered the items for delivery to [REDACTED] in California. He purchased the items using a credit card ending in [REDACTED]. It is not clear that the Visa debit card ending in [REDACTED] on 19-22 May and the credit card "JULIO" used in the 80% lower transaction are the same card; in fact, there is no PayPal transaction record for the purchase of the 80% lowers.

On May 25 through 23 June 2017, PIERSON, posing as [REDACTED] sent a total of \$520.00 to [REDACTED] via PayPal using a debit card ending in [REDACTED]. In late May 2017, CS 1 received inquiries through eBay from "[REDACTED]" about the cost of applying Cerakote to ten 80% AR-15 lower receivers.

On August 7, 2017, PIERSON, posing as [REDACTED] used the eBay internal messaging system to send the following message to another eBay user:

Hello, I need some samples made from solid aluminum either 6065 or 7075. 2 in total two will be as close to the photos as possible for a casting production run, 10 will have extra machine work done so they are closer to the finished product. These will be samples I send to possible investors. Is this something you can do? Thanks, [REDACTED]

The meaning is unclear out of context, and ATF was unable to locate the photos referenced in the message. However, it does imply that PIERSON was soliciting bids from suppliers for some kind of aluminum part, and he intended to solicit investors in his operation.

On August 17, 2017, PIERSON, posing as [REDACTED] used the eBay internal messaging system to exchange the following messages with another user:

[REDACTED]: "Hello, I need some samples made from solid aluminum either 6065 or 7075. 2 in total two will be as close to the photos as possible for a casting production run, I O will have extra machine work done so they are closer to the finished product. These will be samples I send to possible investors. Is this something you can do? Thanks, [REDACTED]."

Other User: "Looks like an m203 receiver. How'd you hear about me? Were you already familiar with my m203 projects?"

EBay records indicate no bid activity between the users. Given the nearly identical language in the previous message, it is plausible that [REDACTED] was soliciting multiple bid for components to build M203 launchers for his existing M4/AR-15 customers. *(Note: An M203 is a 40mm launcher designed to mount under the barrel of an M4 or AR-15. It is designed to launch high-explosive grenades, smoke grenades, parachute flares, and a variety of other munitions.)*

On November 15 through 30, 2017, PIERSON, posing as [REDACTED] used the eBay internal messaging system to exchange several messages with another user about 1911 pistol slides and custom sight cutting. He made five purchases of 1911 parts totaling \$1,022.30 from the same user.



On December 7, 2017, an ATF special agent and a USPI inspected the ten AR-15 blanks seized in [REDACTED] California (above). Also on December 7, 2017, an eBay user used the eBay internal messaging system to send PIERSON the following message:

Hi [REDACTED], Thanks for your business! I am ready to ship the following item: Zev Technologies .22 Conversion Kit Glock 17 /22 Gen 1-3 and Gen 4 .22lr US \$230.00  
Unfortunately, I can't ship the above until I've received a payment. Can you please let me know when I can expect a payment? Looking forward to hearing from you. Thanks!

The message clearly pertains to a Glock 17 conversion kit, but it is unclear what PIERSON's intentions were for the Glock 17 much less whether he intended to export it. *(Note: a Glock 17 normally fires a .40 caliber pistol round. One of the reasons a person might want to convert a Glock 17 to a .22 is for sound suppression. Many of the .22 caliber conversion kits come with a threaded barrel that can be used to mount a sound suppressor (i.e. "silencer") to a pistol. .22 long rifle ("LR") ammunition is occasionally sold in a subsonic variety which travels at less than the speed of sound and therefore does not create the small sonic boom that comes with supersonic ammunition. The combination of a suppressor with subsonic ammunition creates an extra quiet shot, albeit one with a very limited range. The setup is really only useful for shooting things at close range quietly (e.g. homicide). Nevertheless, the kits are popular and widely available.)*

NOTE: in February, 2019, ATF, while conducting another investigation, questioned [REDACTED] about using the eBay identifier "[REDACTED]." [REDACTED] denied ever using that identifier to place Internet orders. Additionally, a search of PIERSON's cellular phone revealed [REDACTED] as one of PIERSON's on-line identities.

On unspecified dates, PIERSON, posing as [REDACTED] used eBay to make two purchases totaling six items from another user, "[REDACTED]." The items were parts for a Browning 1919A4 and 1919A6. *(Note: The BROWNING 1919 (including its numerous variants) is a belt-fed, crew-served, .30 caliber machine gun used by U.S. infantry units from World War II to Vietnam. It was designed by John M. Browning. It is too large for a single person to carry any significant distance, and can only be operated when it is mounted on a vehicle or tripod. It has no discernable sporting purpose, and is really only useful as a novelty or to someone building a robust security force.)*

On unspecified dates, PIERSON, posing as [REDACTED] used eBay's internal messaging system to exchange messages with another user, "[REDACTED]." PIERSON's end of the conversation is unavailable, but "[REDACTED]" wrote:

Yes, I do build the blocks here and I do make a set of tools for the M2HB but it is better than the little bucking block, price is \$200 and includes the countersink, correct rivet heading tool for Maw Deuce rivets and shims for setting the upper & lower & Trunnion rivets, You will need at least two good C clamps or Vise Grip style welding clamps to hold secure while setting rivets. I always set rivets hot and will include instructions. If you want more info, contact [REDACTED] DOT com (remove spaces and put in proper punctuation) [REDACTED].

*(Note: The M2 (affectionately known as the "Maw Deuce") is still in U.S. service. It was also designed by John Browning during the waning days of the World War I at the request of General John Pershing. It is essentially an upscale version of the 1919 but designed to fire a .50 caliber round. It is effective*



*against most vehicles and some aircraft. It is not man-portable in any meaningful way and -- even more so than the 1919 -- useful only to someone building a sophisticated security force.)*

May 11, 2016 – January 24, 2018, PIERSON, posing as [REDACTED] purchased 1,406 items worth a total of \$52,909 from [REDACTED], an online retailer of hunting and outdoor-related products. In all but one transaction, the items were sold to “[REDACTED], [REDACTED], Laredo, TX 78046” and for shipment to “J Garcia, [REDACTED] Laredo, TX 78040.”

### **Bank Transactions**

On December 13, 2016, [REDACTED] opened Bank of America [REDACTED].

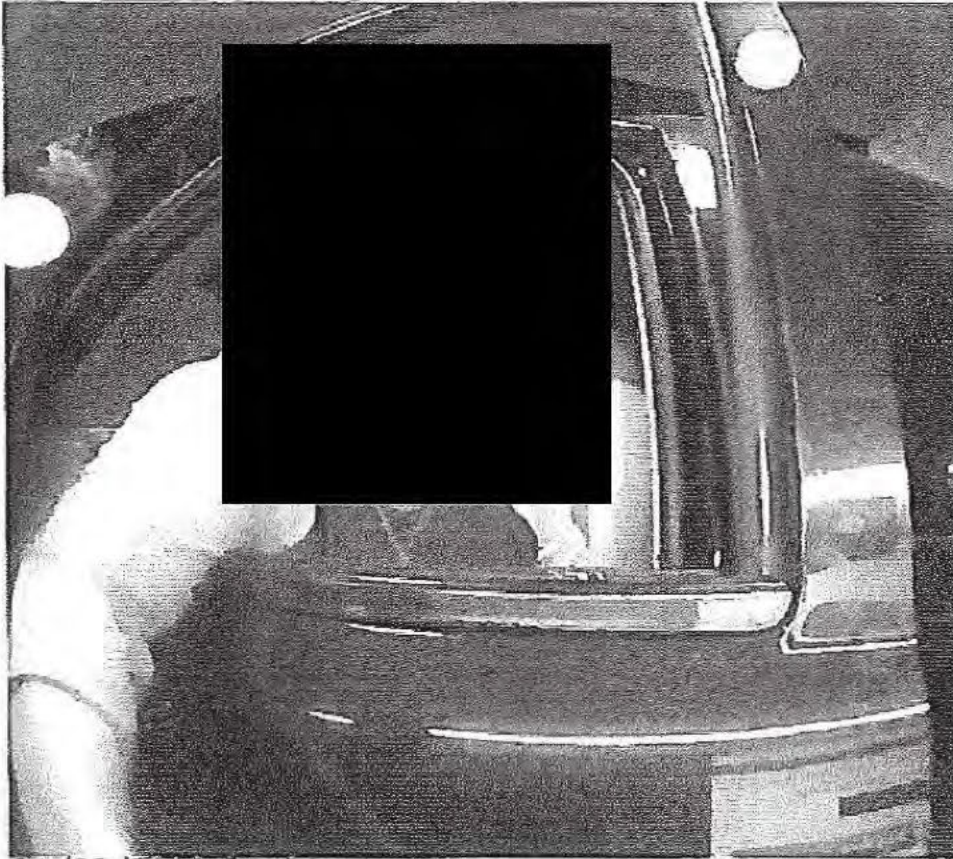
February 22, 2018, M. ALMENDAREZ deposited \$200.00 in cash into a Bank of America [REDACTED] using an ATM. The transaction was recorded by the ATM security camera.

March 2, 2018, M. ALMENDAREZ deposited \$4,400.00 in cash into a Bank of America account [REDACTED] using an ATM. The transaction was recorded by the ATM security camera.

March 12, 2018, M. ALMENDAREZ deposited \$3,480.00 in cash into a Bank of America account [REDACTED] using an ATM. She was accompanied by an unidentified male who helped her retrieve cash from her purse. The transaction was recorded by the ATM security camera.

March 21, 2018, M. ALMENDAREZ made two cash deposits of \$1,200 and \$1,160 into a Bank of America account [REDACTED] using an ATM. Both transactions were recorded by ARM security cameras (see photo below).





March 26, 2018, M. ALMENDAREZ deposited \$600.00 in cash into a Bank of America account [REDACTED] using an ATM. The transaction was recorded by the ATM security camera.

SUMMARY: May 19, 2016 – March 28, 2018, Bank of America account [REDACTED] received \$155,394, \$147,855 of which was in cash deposits. Over the same period, the account was used for \$148,895 in debit card purchases. \$80,283 of the purchases was for guns. \$688 of the purchases was for mailing expenses. \$44,644 was for unidentified purchases on PayPal.

Additional bank transactions of Co-Conspirators outlined in the FINANCIAL CHARGES section below.

**Statement of [REDACTED]**

On or about December 14, 2018, ATF Agents and a Postal Inspector in Laredo, Texas interviewed [REDACTED] (hereafter Confidential Source 2 (CS 2)) who had surrendered after crossing the border into the United States. CS 2 said he/she is a member of the “Mexican Mafia” (Texas Mexican Mafia). CS 2 said in July, 2018, he/she was released from prison in the United States and deported to Mexico. CS 2 stated when he/she was in Mexico he/she lived with an individual named Julio GARCIA (JULIO). CS 2 said there was a residence in Mexico which doubled as a firearms factory for the “Cartel Del Noreste” (CDN) in Nuevo Laredo, Mexico. CS 2 stated he/she saw both firearms parts and fully assembled weapons delivered to the residence. CS 2 said he saw GARCIA and a white male (later confirmed to be PIERSON) order firearm parts and assemble them at the residence. CS 2 said the residence

contained specialized machinery, which was used to cut metal to convert incomplete receivers (80% lower receivers) into fully automatic firearms. CS 2 stated CDN would provide money to JULIO, and PIERSON would order firearm parts using his laptop and the Internet. CS 2 stated PIERSON would use fraudulent identities and credit cards to make purchases, and JULIO had a "crew" who would smuggle these items from the United States to the residence in Mexico. The parts often arrived in Mexico in duffle bags and never in original packaging. CS 2 stated he did not know how JULIO arranged to have the parts smuggled into Mexico, but he/she knew JULIO sent cash to the United States where it was deposited into bank accounts. Both firearm parts and fully assembled weapons were delivered to the residence before the complete weapons were transferred back to the CDN. The parts often arrived in a black Chevrolet Tahoe, but sometimes in other trucks. PIERSON and his associates produced AK and AR-type firearms, grenade launchers, and .50 caliber firearms. The first and second floor of the residence were generally filled with containers of firearm parts. The residence also contained specialized machinery, which was used to cut metal to convert incomplete receivers (80% lowers) into fully operational firearms. CS 2 stated brand name AR style firearms (such as Colt firearms) commanded a higher value because they were considered more reliable than "homemade" AR style firearms. CS 2 stated "homemade" AR style firearms were poorly built and would jam when fired fully automatic. CS 2 stated GARCIA originally provided firearms exclusively for the CDN. However, in or around October 2018, JULIO also started taking orders from "Cartel Jalisco Nueva Generacion" (CJNG), a CDN rival. In October 2018, CDN members abducted and murdered JULIO and two of his family members, [REDACTED] and [REDACTED]. [REDACTED]

Sometime after JULIO was killed PIERSON started using FNU LNU aka OSO as his primary point of contact within CDN. After CDN killed JULIO, all of JULIO's contacts stopped smuggling firearms components. OSO recruited new smugglers to supply PIERSON's operation, including ALEJANDRO QUIROZ (QUIROZ) and ABRAHAM AURELIO CALDERON (CALDERON).

On October 28, 2018, PIERSON exchanged text messages with QUIROZ. QUIROZ told PIERSON he would call PIERSON the next day before heading for the bank. PIERSON replied, "remember the name of you [sic] business is ACR Restorations." Later PIERSON sent QUIROZ an images of two credit cards, and a digitally recorded message in which PIERSON said:

The package is ready for you to pick up over at Julio's [REDACTED] house. Just go there and tell them you're there to pick up the priority mail package that came in yesterday and that Maria sent you. Then when you get it, take all the labels off and all the paperwork out from inside, and hand it over to the people that cross it.

On October 29, 2018, CALDERON opened account [REDACTED] at a Bank of America (BOA) branch at [REDACTED], in Laredo, Texas. Two debit cards were issued with the account, [REDACTED] (Permanent Debit Card) and [REDACTED] (Temporary Debit Card). The name on the account was "Abraham Aurelio Calderon, Sole Proprietor, d/b/a Calderon Parts."

The same day, PIERSON exchanged text messages with CALDERON. CALDERON introduced himself. The following exchange subsequently took place:

CALDERON: "the business acaant it done."

PIERSON: "Ok .. oso told me. If you can't get storage. Can you get a mail box at backporch or UPS Store? Thanks."



November 5, 2018, CALDERON sent a message to PIERSON containing a digital photograph of the account summary. He also forwarded the account security questions and corresponding answers.

November 16-17, 2018, PIERSON and M. ALMENDAREZ exchanged a series of WhatsApp messages. M. ALMENDAREZ sent PIERSON a set of photographs of a man resembling [REDACTED]. The tone and tenor of the conversation indicates M. ALMENDAREZ and PIERSON were upset with [REDACTED] for an unspecified reason. In the same conversation, they appear to discuss smuggling firearms. The conversation included the following exchanges:

PIERSON: I need your birthday, ssn and driv lie# if want me to get you legal again to rent trucks. Thanks

MARIA: Why would you need that when I could do it here. Hey my [REDACTED] got a call to from this number can u check it out where it's from please he miss the call I trust u u don't say anything please. [REDACTED] that's the number.

PIERSON: I have to find you a credit card that will do what we need and I will check that phone number.

\* \* \*

MARIA: And about me working again let me give a try,,I have a credit card never use it but still open we are not going to use fr right cause you are paying cash for the rental right. And I don't want to use my info or [REDACTED] for anything I' ll just pick it up and bring it down. And my [REDACTED] told me is lock up here he been calling him thru collect but he doesn't answer them. [REDACTED] is lock up here. Alex can't cross it to the plaza.

PIERSON: You will need to rent the truck. Like last time. then pay cash. Alex cross tv?

MARIA: I got the card already then. The Money. If he can bring it to the plaza like always.

ATF intelligence analysts assess the mention of a "TV" is a reference to a gift from PIERSON to JULIO's daughter. ATF intelligence analysts also believe that "Alex" is a reference to QUIROZ.

November 20, 2018, PIERSON, posing as QUIROZ, placed a \$1,307.87 order with [REDACTED].com for several items including a Baby Series Spray Gun, D500 SR Air Compressor, and two types of M-16 bolt carrier groups. The estimated delivery date was November 23, 2018. The confirmation number for the order was [REDACTED]. ATF and FBI personnel subsequently discovered an email about the order on PIERSON's phone. *(Note: the Baby Series Spray Gun and D500 SR Air Compressor are both items used in airbrush painting. A bolt carrier group is the part of an M-16, M-4, or other AR-15-type weapon that contains the firing pin, bolt, ejector, and extractor. It initiates the primer in the cartridge being fired, unlocks the chamber, pulls the spent shell casing from the chamber, ejects it from the side port, strips the next round from the top of the magazine, loads the cartridge into the chamber, and locks the chamber.)*

Also on November 20, 2018, PIERSON, posing as CALDERON, placed online order [REDACTED] with a firm doing business as "[REDACTED]." The order contained 5/32 inch drill bits, AR-15 jig bolts, and various collets. The order was set for delivery to QUIROZ.



## TRADING IN COUNTERFEIT GOODS – COUNT 1

### *Ordering of Counterfeit Colt Lowers*

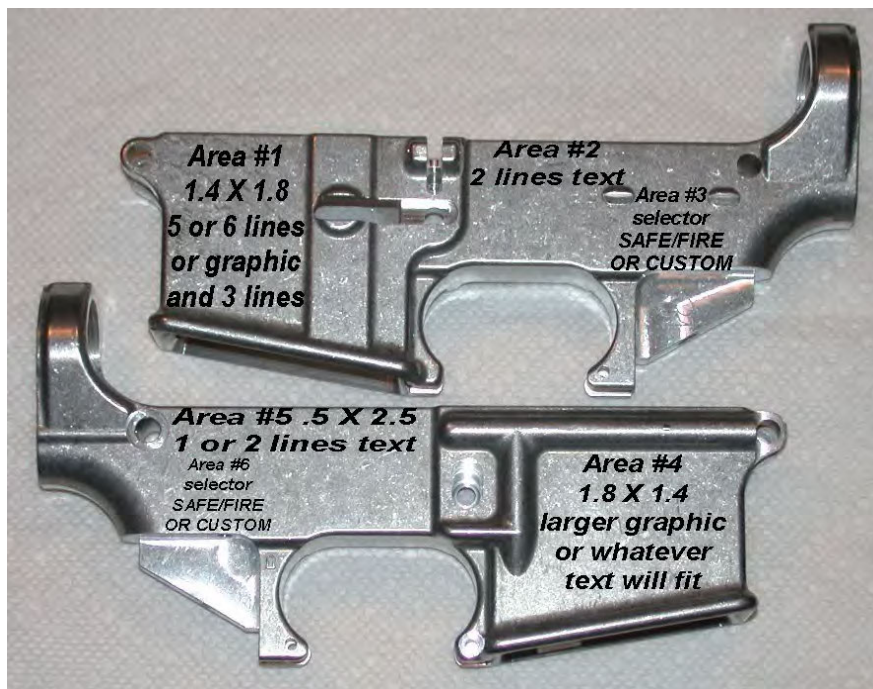
To confirm the counterfeit Colt lowers received by CS 1 in June 2017, on February 20, 2019, SA [REDACTED] and Insp. [REDACTED] traveled to CAN and obtained a search warrant for “the Engraver” who sent the original Colt lowers to CS 1 in Arkansas. The information below pertains to “the Engraver,” who is [REDACTED] of [REDACTED].

On or about January 7, 2019, SA [REDACTED] used the Internet to visit the webpage for [REDACTED] ([www.\[REDACTED\].com](http://www.[REDACTED].com)), “the Engraver” who forwarded the counterfeit Colt lowers to CS 1 in May 2017. The home page for the website contained a photograph of a Tormach 1100M, “Starter Package,” mill. The home page also stated the following:

*“Our main products are custom engraved 80 % lower receivers...”*

*“I’m selling AR 80% lowers from 7075 aluminum forgings for \$125.00 each with engraving on the left side only, or \$149.00 each with engraving on both sides.”*

The below photograph is on the website’s home page:



On the “Engraving Gallery” link on the website, there were several pictures of previously engraved AR 80 % lower receivers. Some of these photographs contained copyrighted or trademarked emblems, or were marked as US Government property:



Through use of a law enforcement database, SA [REDACTED] associated the address, [REDACTED] in [REDACTED] California ([REDACTED]) to [REDACTED] and [www.\[REDACTED\].com](http://www.[REDACTED].com). Additionally, the website, [www.\[REDACTED\].com/about/](http://www.[REDACTED].com/about/) under “Introduction,” states the following:

*“Hello, My name is [REDACTED] and I’ve been hunting and shooting since I was old enough to hoist a BB gun.”*

On January 10, 2019, SA [REDACTED] visited the internet website “[REDACTED],” at which time he found the website to have an “engraving gallery,” displaying photographs of samples of the engraving work, and a CNC machine, which appeared to be connected to a computer display and a mouse. The website showed areas of the 80% AR-15 lower receivers, referred to as Area #1 through Area #5, which can be engraved, and the prices associated with engraving each area. The website “contact page” read “send along any ideas or images you may have for engraving to: [REDACTED]@[REDACTED].com.”

On January 10, 2019, SA [REDACTED] used an ATF [REDACTED] to contact [REDACTED] and enquire about engraving a “First Navy Jack” on an 80% lower receiver. SA [REDACTED] received a response from “[REDACTED]” using [REDACTED]@hotmail.com, which read: “I’m sure I can work that up. I’ll get started on a sample.”

On January 11, 2019, SA [REDACTED] received a message which read “Her you go” and contained an engraving of the First Navy Jack. SA [REDACTED] replied that the engraving looked good, and went on to specify the other “Areas” to be engraved, including the fire select area (Area#3) to read “SAFE-SEMI-FIRE” and the left side (Area #1) to read “PROPERTY OF US GOVT M4A1 CARBINE CAL. 5.56MM.” SA [REDACTED] wrote, “I see a Winchester horse & rider emblem in your gallery. Do you have a Colt?” SA [REDACTED] also asked about the prices listed on the website.

On January 12, 2019, [REDACTED] answered with the following message:

*“Price is good. I do have a few Colts on file.”*



*"If you would like to use PayPal don't mention guns or use the words lower, or receiver (custom engraving works) or PayPal will shut us down. My PayPal Address is [REDACTED]@ [REDACTED].com*

*You can also send a check or money order to the address below.*

[REDACTED]

[REDACTED]

[REDACTED] CA [REDACTED]"

The e-mail message contained two attachments:



COLT DEFENSE  
HARTFORD CONN.  
—U.S.A.—

SEMI

SAFE AUTO

SA [REDACTED] sent a reply indicating he wished to have [REDACTED] "Colt pony" engraved in "Area #1" and [REDACTED] "Colt Defense Hartford Conn." engraved in "Area #3." [REDACTED] replied:

*"Sounds good. Would you like custom serial numbers or just period correct numbers? Same price."*

On January 24, 2019, SA [REDACTED] received an e-mail in [REDACTED]. The message read that it was sent at the request of [REDACTED], to notify the recipient of a package shipped by the United States Postal Service by Priority Mail, and it included a tracking number. On January 28, 2019, SA [REDACTED] retrieved the package. It was addressed to an undercover Post Office Box, and the return address read:

[REDACTED]  
[REDACTED] CA [REDACTED]



On January 28, 2019, SA [REDACTED] carried the package to the Arkansas State Crime Laboratory (ASCL) to be processed for fingerprints, however no viable fingerprints could be located. The package contained three (3) 80% complete AR-type lower receivers. Each 80% lower receiver had a “First Navy Jack” engraved on the right side. On the left side of each 80% lower receiver was engraved a Colt emblem and trademark in the area of the magazine well, and read “PROPERTY OF U.S. GOVT M4A1 CARBINE CAL. 5.56MM.” In the fire control area on each receiver was engraved “COLT DEFENSE HARTFORD, CONN U.S.A.” The serial numbers on the lower receiver were [REDACTED], [REDACTED], and [REDACTED].



On February 20, 2019, a document search warrant for [REDACTED] was obtained and executed. [REDACTED] was cooperative and admitted to manufacturing the counterfeit Colt lowers. [REDACTED] provided all documentation he had regarding the specific order by [REDACTED] in this case. No further charges are being pursued on [REDACTED] in this district. He is considered a witness in the PIERSON case.

### **ARMS EXPORT CONTROL ACT (AECA) – COUNTS 2 AND 3**

The Arms Export Control Act (AECA) prohibits exporting defense articles without a license. *See* 22 U.S.C. § 2778(b)(2). It also makes it a crime to willfully violate any provision of 22 U.S.C. § 2778 or any regulation promulgated thereunder, *see id.* § 2778(c), including the International Traffic in Arms Regulations, 22 C.F.R., Parts 120-130. The ITAR prohibits both exporting a defense article without a license, *see* 22 C.F.R. § 127.1(a)(1), and conspiring with others to do so, *see id.* § 127.1. The elements of each offense are included below. Because of the number of potential defendants in this matter, please refer to the charts in **Attachment A** for analysis on the evidence on each element and potential defendant.

To summarize **Attachment A**, there is sufficient evidence for the following AECA charges:

- One substantive AECA count for PIERSON.
- One ITAR conspiracy charge under AECA for PIERSON, M. ALMENDAREZ, [REDACTED] QUIROZ, CALDERON, Enrrique OLIVAS, and Betty Joann KENDALL for the apparent agreement to straw-purchase the firearms parts, smuggle them across the border, and facilitate those actions by, among other things, smuggling cash in the opposite direction and depositing it into U.S.-based bank accounts.

### **SUBSTANTIVE COUNT AGAINST PIERSON – COUNT 3**

AR-15 lower receivers are Category I defense articles that may not be exported without a license. PIERSON is charged in COUNT 2 with an attempt to violate the AECA pertaining to the 80% lower receivers that were physically present in EDAR in June, 2017. Other evidence in the case supports that PIERSON ordered the 80% lower receivers from [REDACTED] using [REDACTED] name and requesting that they be shipped to J. GARCIA at [REDACTED] in Laredo, TX. Evidence supports the presumption that the ultimate destination for these receivers would have been PIERSON's shop in Mexico, and that the receivers were meant for export, although they were never actually exported. PIERSON took a substantial step through ordering and directing the shipment of the receivers to EDAR.

### **CONSPIRACY TO VIOLATE AECA – COUNT 2**

At present, a search of PIERSON's laptop computer and primary cellular phone resulted in the discovery of numerous Internet orders and text/Whatsap messages. Alejandro QUIROZ has been identified through Whatsap messaging on PIERSON's phone as a co-conspirator who was operating in Texas and assisting with the transportation of parts to Mexico. PIERSON had QUIROZ and another co-conspirator, Abraham CALDERON, set up fictitious business accounts in various names and obtained credit cards. PIERSON used these business accounts and credit cards to place Internet orders for firearm parts and have these parts delivered to QUIROZ and CALDERON.

Simultaneously to the discovery of these ordering records, ATF Attaches to the Government of Mexico received authority from the Mexican prosecutor to photograph all items seized from PIERSON's shop at the time PIERSON was arrested. The ATF Attaches sent photographs to ATF SA [REDACTED] who, with the assistance of [REDACTED], a firearm manufacture specialist, was able to compare the parts from PIERSON's shop with the Internet orders. It is the opinion of [REDACTED] that the parts and machinery PIERSON had in his shop in Mexico were used to manufacture firearms. Some of the parts correlate to Internet orders connected to PIERSON in the conspiracy. In addition, the Brownells AR-15 Stripped Upper Receivers located in Mexico (photos below) are Category I defense articles that may not be exported without a license. The ordering and possession of these specific parts are charged as overt acts of the conspiracy.

The following comparisons between items located and Mexico and orders by PIERSON have been made:

1. ATF Attachés included photo 0042, which is a picture of a container of Brownells brand "NitreBlue Bluing Salts." Investigators familiar with building firearms know this product is used to apply finish to firearms, particularly slides and barrels. FBI Forensic Examiner (FO) [REDACTED] located a twelve-page pamphlet on PIERSON'S laptop computer, which provided detailed directions from Brownells for applying "NitreBlue Bluing" to firearms and it included the use of "NitreBlue Bluing Salts" in the process.





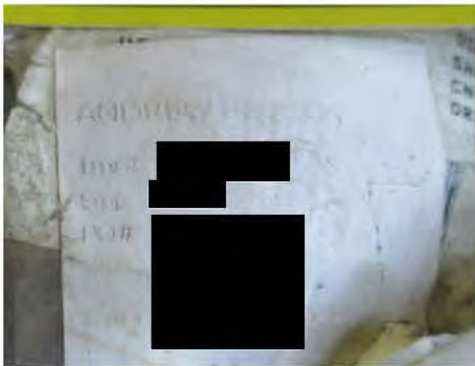
2. ATF Attachés sent photographs of items purchased from Brownells still in their packaging. Photo 0381 shows AK-type rifle parts, AR rifle lower parts kits, and twelve Brownells brand AR bolt carrier groups still packaged for sale. One of these is an “M16 Lightweight Bolt Carrier Group.” FO [REDACTED] located an order confirmation number [REDACTED] e-mail message on PIERSON’S LG mobile phone. This message indicated an order containing one M16 Lightweight Bolt Carrier Group and ten standard bolt carrier groups was sold to Alejandro QUIROZ on November 20, 2018. Photo 0383, 0384, and 0385 show AR-15/M4 rifle stripped upper receivers in their Brownells packaging. Photos 0386 and 0387 show a Glock model 19 Gen4 slide with serial number [REDACTED].







3. Along with the parts and equipment, ATF Attachés located a receipt with the name ANDREW PIERSON. This receipt can be seen in photo 00191 and 00192.



4. ATF Attachés sent several photographs of jigs whose only purpose is to align the proper placement of holes cut into AR lower receivers. They also found “Polymer80” devices mixed with these jigs used to complete unfinished handgun receivers.



5. ATF Attachés sent photographs 0047 and 0048 of a “Grizzly Industrial Model G0704” milling machine. Investigators familiar with building firearms know this machine can be used to make parts for firearms, and for finishing AR 80% lower receivers into functioning firearms. The label on this machine indicates it was manufactured in “06 13.” Investigators found the record of an online discussion dated October 30, 2013, on PIERSON’S laptop computer, which read, “You helped me make a decision on the size collets I want for my g0704.” Investigators also found an e-mail message: order [REDACTED] dated November 20, 2018, from “[REDACTED]” and billed to Abe CALDERON at [REDACTED], Odessa, Texas 79763. The order included various size collets, a 5/32 inch drill, and AR-15 Jig Bolts. The confirmation indicates order shipped to Alejandro QUIROZ at [REDACTED] Laredo, Texas, 78040.



6. The ATF Attachés also included photos 0073, 0074, 0075 and 0076 showing “ChinaCNCzone” router, which when connected to a computer could be used to cut metal, including AK rifle receivers. FO [REDACTED] located five items downloaded on PIERSON’S laptop computer including a user manual, software installation and tutorials for this machine.





7. ATF Attachés sent numerous photographs of AR-type rifle lower receivers, including 0276. Photo 0278 shows three unfinished AR lower receivers in several stages of completion, each one increasing the area that the fire control mechanism is “milled” out of the receiver. Photo 0279 shows the fire control area in the early stages of being “milled out,” while the next AR lower receiver shows this area cut away with holes drilled to hold the fire control mechanism in place. Photo 0285 shows two anodized AR lower receivers finished but with rough areas. Photo 0290 shows an unfinished receiver in which the fire control area has only received initial milling, while photo 0294 shows a completed AR lower receiver.



8. ATF Attachés sent photographs numerous parts used in AK-type rifles, such as photo 0392. They also sent photos of M203-type grenade launch tubes, such as photo 0399, 0403 and 0405. Photo 0416 shows numerous AK-type receivers, which can be folded into to place by the hydraulic press machines located with the other equipment. The volume of these parts shows that PIERSON was manufacturing firearms, not just obtaining parts for his personal use.



### *Phone Communications*

On May 9, 2019, FBI FO [REDACTED] and ATF S/A [REDACTED] reviewed SMS text messages recovered from an LG FORTUNE LTE, Model M153, mobile phone used by Andrew PIERSON. This phone contains SMS messages exchanged with a person in the phone's contact list named "Maria" using number [REDACTED]. This number has been previously associated with Maria Guadalupe ALMENDAREZ [REDACTED]. The SMS text messages recovered from this phone beginning on 10-25-2018 and go through 11-16-18. The review the text messages showed that PIERSON and M. ALMENDAREZ confirmed that QUIROZ and CALDERON were engaged in assisting with the transportation of parts on the US side of the border. Their conversation also substantiates that JULIO GARCIA "went missing" and was feared dead in November 2018, thus requiring that PIERSON find other individuals to assist with moving the parts.

### **ATTEMPT AND CONSPIRACY TO VIOLATE THE FOREIGN NARCOTICS KINGPIN DESIGNATION ACT – COUNTS 4 AND 5**

PIERSON and [REDACTED] volunteered information in their recorded statements that they were manufacturing firearms for CDN as well as CJNG. The disappearance of JULIO GARCIA and his family is thought by PIERSON and [REDACTED] to be the result of JULIO negotiating with both rival cartels. CJNG has been designated as an entity under the Foreign Narcotics Kingpin Act. The charges in the indictment incorporate the overt acts of the AECA conspiracy.

### **FRAUDULENT ID'S**

In addition, when PIERSON crossed into the United States in December 2018, he had numerous fake credit cards and other identifying documents that he used to order gun parts on the Internet and have shipped to Laredo for later transport to Mexico. The issue with Fraudulent ID charges is establishing venue in EDAR. However, the evidence can be used to support the AECA conspiracy count.

PIERSON had the following credit card in the name of Alejandro QUIROZ:





ATF Attachés took photographs of equipment recovered in Mexico to make fraudulent identification cards. Photo 0310 shows a laminating machine, while photo 0319 shows a stack of blank cards next to items labeled “Topping Foil” for “Card Issuance Systems.” In photo 0317, one can see a tag that reads “Rental Unit Property of [REDACTED] Inc.” in Tulsa, Oklahoma.





(Laminating machine)

Subpoenas to part suppliers located on the laptop and cellular phone requesting all ordering history for PIERSON, QUIROZ and CALDERON have been issued. Further investigation into the use of false identities for the purpose of placing Internet orders is being done as well.