

Attachment 1

From: Gillett, George T. Jr.
Sent: Tuesday, October 05, 2010 3:36 PM
To: Voth, David J.
Subject: FW: Document1
Attachments: briefing paper II (3).docx; Doc1.docx

Can you put it in a BP format for me?

From: Newell, William D.
Sent: Tuesday, October 05, 2010 12:11 PM
To: Gillett, George T. Jr.
Subject: Re: Document1

Have him put into a BP format, will most likely go to DAG.
Bill Newell
Special Agent in Charge
ATF Phoenix Field Division (AZ and NM)
Cell: [REDACTED]

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

From: Gillett, George T. Jr.
To: Newell, William D.
Sent: Tue Oct 05 14:50:12 2010
Subject: Fw: Document1

I have not reviewed but don't want to stand in the way of progress.

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

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

From: Voth, David J.
To: Gillett, George T. Jr.
Sent: Tue Oct 05 14:46:43 2010
Subject: Document1
Here it is...

**Phoenix Field Division
Phoenix Group VII (SWB Group)
Briefing Paper on: 785115-10 [REDACTED]**

Background

1. This investigation has currently identified more than 20 individual connected straw purchasers. More suspects are being identified as the scope of the investigation expands. The straw-purchase suspects currently identified are associated with one another [REDACTED]


To date

(September 2009 – present) this group has purchased in excess of 650 firearms (mainly AK-47 variants) for which they have paid cash totaling more than \$350,000.00.

2. To date there have been five (5) notable seizure events connected with this group, and approximately 53 firearms originally purchased by this group have been recovered. Three of these seizures have been in the Country of Mexico, one recovery in Douglas, AZ, and one recovery in Nogales, AZ. The U.S. recoveries were both believed to be destined for Mexico.
3. The seizures referenced above were not from any member of the targeted group of straw purchasers identified in this investigation. Rather, they were from Hispanic individuals (both male and female) whose association with our target group is currently unknown. [REDACTED] Two such transactions were observed to take place at auto shops/auto auctions.
4. At one of the Mexico seizures there were 45 firearms recovered in addition to 500 kilograms of cocaine, 85 pounds of methamphetamine, and over \$2,000,000.00 in U.S. currency. Of the 45 firearms recovered, 14 of those firearms (all AK-47 variants) were originally purchased by this target group. Our investigation has not produced any indication of drug trafficking or financial resources consistent with the seizures listed above.

5. [REDACTED]

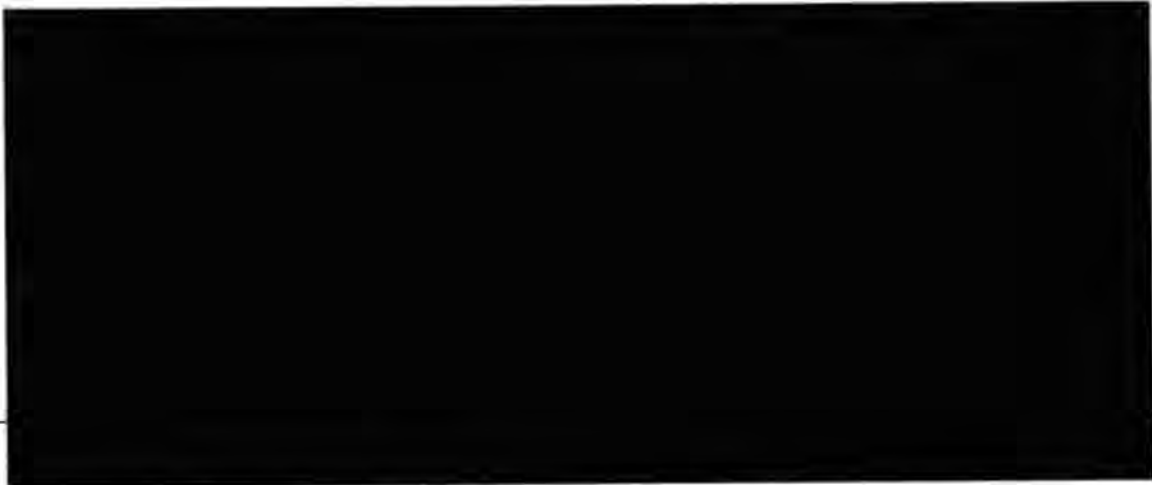
6. [REDACTED]

7. There have been three (3) recorded telephone calls since January 4, 2010, between the most prolific suspected straw-purchaser and the Federally Licensed Firearms Dealer (Lone Wolf Trading Company). These conversations have been to schedule a future purchase of AK-47 variant rifles. The anticipated purchase is approximately forty (40) rifles.
8. On January 5, 2010, ASAC Gillett, GS Voth, and case agent SA MacAllister met with AUSA Emory Hurley, who is the lead, federal prosecutor on this matter. Investigative and prosecution strategies were discussed and a determination was made that there was minimal evidence at this time to support any type of prosecution; therefore, additional firearms purchases should be monitored and additional evidence continued to be gathered. This investigation was briefed to United States Attorney Dennis Burke, who concurs with the assessment of his line prosecutors and fully supports the continuation of this investigation.
9. 
and the weapon(s) will be interdicted prior to their crossing of the Mexican border.
10. A joint strategy/de-confliction meeting is planned for Friday, January 15, 2010, with representatives from ICE, DEA, and ATF. This investigation, as well as other ongoing investigations, will be briefed to all present.

Investigative Techniques Used to Date

11. To date in this investigation we have utilized numerous proactive, advanced investigative techniques:





Strategy

12. This investigation is currently being conducted in conjunction with the Phoenix DEA OCDETF strike force. ATF Phoenix VII is the lead investigating enforcement group. A formal OCDETF proposal is completed and will be presented on January 26, 2009, in furtherance of this investigation. It is unknown at this time what connection exists between these straw-purchasers and the drug trafficking organizations (DTOs) of Mexico.
13. Currently our strategy is to allow the transfer of firearms to continue to take place in order to further the investigation and allow for the identification of additional coconspirators who would continue to operate and illegally traffic firearms to Mexican DTOs which are perpetrating armed violence along the Southwest Border. This all in compliance with ATF 3310.4(b) 148(a)(2).
14. The ultimate goal is [REDACTED] to identify and prosecute all co-conspirators of the DTO to include the 20 identified straw purchasers, the facilitators of the distribution cell centered here in Phoenix, the transportation cells taking firearms South, and ultimately to develop and provide prosecutable information to our Mexican law enforcement counterparts for actions.

Attachment 2

From: Weinstein, Jason
Sent: Tuesday, March 16, 2010 11:04 AM
To: Carwile, Kevin
Subject: RE: talking points

I'm looking forward to reading the pros memo on Wide Receiver but am curious – did ATF allow the guns to walk, or did ATF learn about the volume of guns after the FFL began cooperating?

From: Carwile, Kevin
Sent: Tuesday, March 16, 2010 10:47 AM
To: Weinstein, Jason
Subject: talking points

Here is a quick page of talking points. You did not describe the intended audience. The two operations are pre-indictment so the info on these matters would need to be kept internal. See attached.

P. Kevin Carwile
Chief, Gang Unit
Criminal Division
U.S. Department of Justice

Attachment 3

ATF Monthly Meeting
with the Acting Deputy Attorney General
Friday, March 12, 2010

AGENDA

RC-2



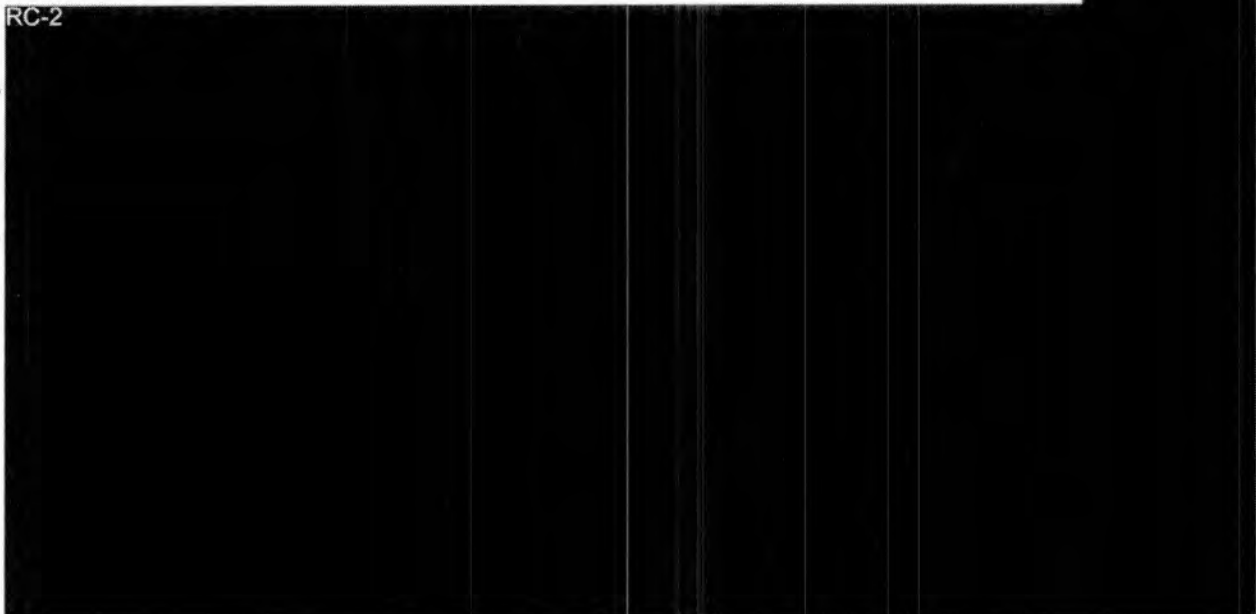
1.

2.

3.

4. Phoenix Case - Update on a significant firearms trafficking case

RC-2



5.

6.

7.

ATF Monthly Meeting

3/12/10

RC-2



3. Operation The Fast

~~Reviews~~
~~Drafts~~

long visits - multiple
sales issues

Process

RC-2



seizures in Mexico
take ↑ or predicate
to case in US
links to cartel

COCAINE STRIKE FORCE

Primary - Phoenix WAO

(1)

OPERATION THE FAST AND THE FURIOUS



HOGF DOJ 002819

Note: Two pages have been withheld from this seven page document because they included sensitive investigative details and information about targets/subjects.

Total Firearms
Purchased as of
Feb 27, 2010
785115- [REDACTED]

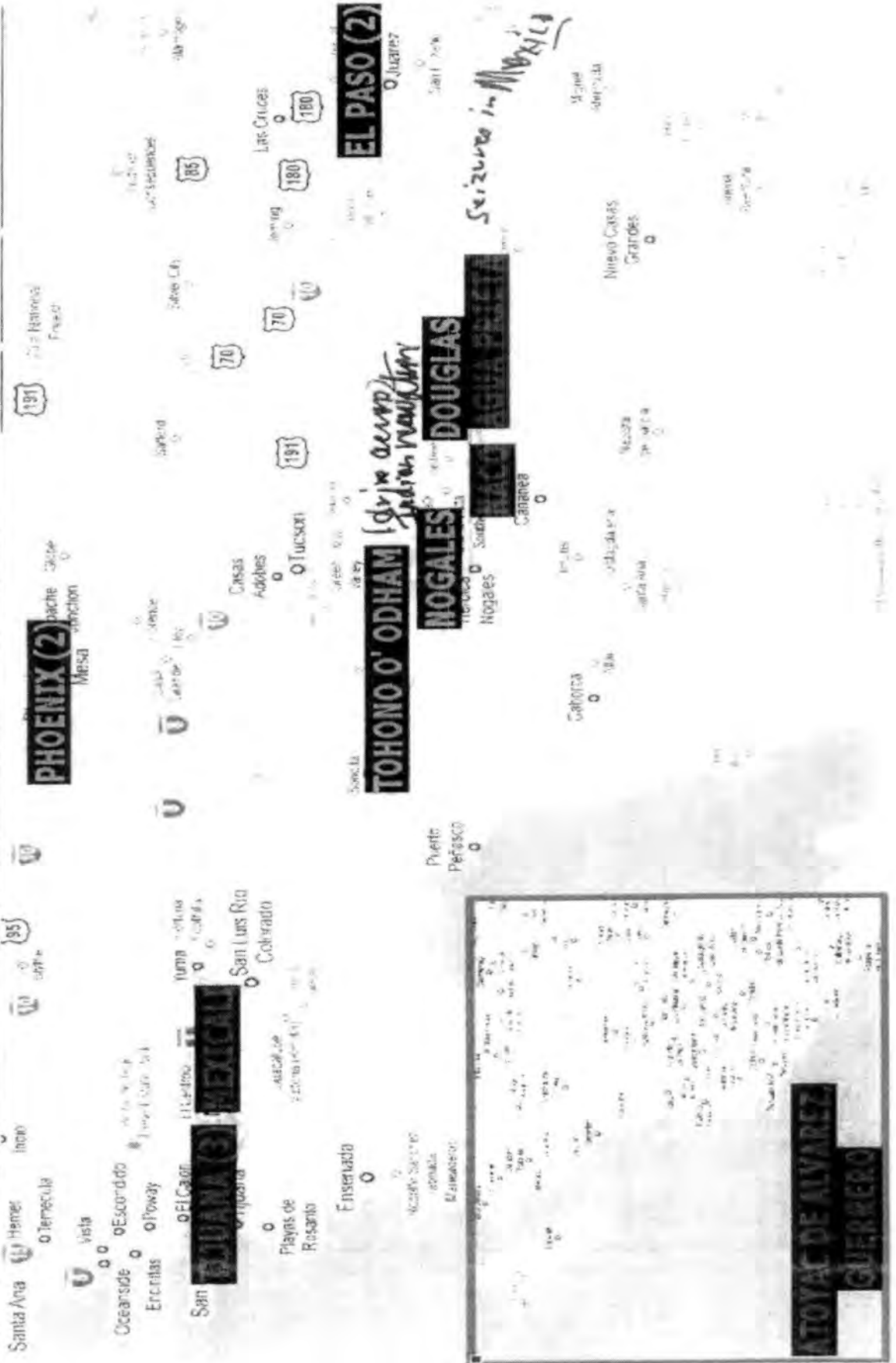
Patino	Uriel	313
Steward	Sean	241
Moore	Joshua	116
Chambers	Jacob	68
Celis	Alfredo	55
Herreros	Dejan	30
RC-4	[REDACTED]	[REDACTED]
Montelongo	Jacob	18
Avila Jr	Jamie	17
RC-4	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
Polanco	Jesse	3
RC-4	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
Celis-Acotta	Miguel	1
RC-4	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	TOTAL	1026

All cash,
 West Virginia
 side

PURCHASE SUMMARY		QTR	INVOICE	NOTES
RC-4	NAME	FURCH-PUR	TOTAL	
	James Aulder	11,988.00	13,002.64	
RC-4				
	Alfredo Celis	26,959.76	39,423.32	
	Jacob Chambers	36,541.75	39,461.98	
RC-4				
	Dustin Hunschmak	32,116.80	33,781.81	
RC-4				
	Jacob Monaklongo	7,448.97	7,751.27	
	Joshua Moore	96,881.40	94,329.96	
RC-4				
	Uriea Galano	206,110.09	193,700.87	
RC-4				
	Jose Robles	1,789.00	3,351.87	
RC-4				
	Steven Stewart	154,938.84	160,034.58	
RC-4				
TOTAL PURCHASES		\$ 116,294.08	\$ 149,746.32	

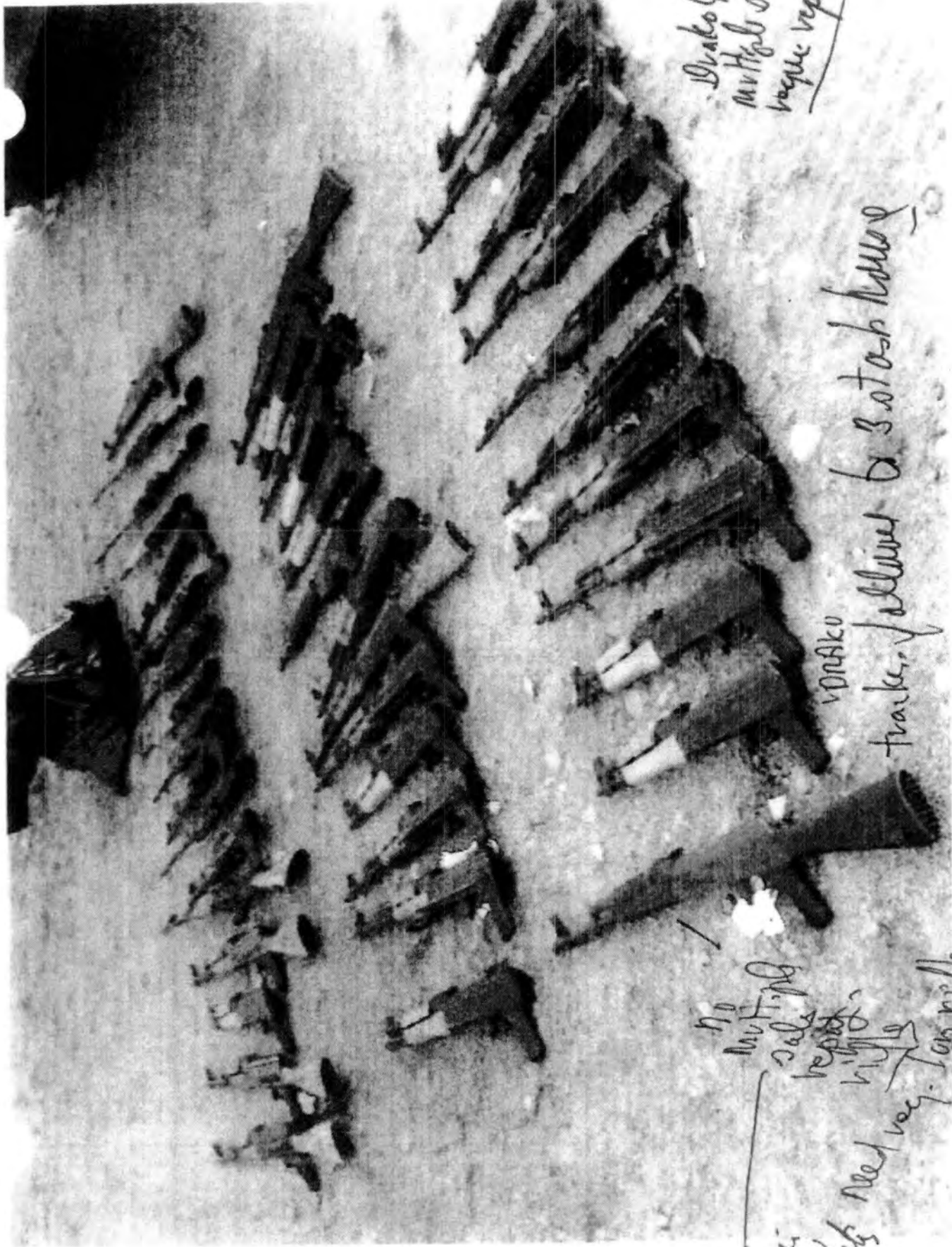
Total Cost of
 Firearms
 Purchased as of
 Feb 27, 2010
 785115

785115-10



AK 47

Drako (with)
MUTUAL only
vague reports



Drako
- tracks, follow to Sotash house

no
mutual
calls
reports
w/ info
need very
top info

Attachment 4

From: Melson, Kenneth E.
Sent: Friday, December 04, 2009 12:26 PM
To: Back, Michelle A.
Subject: FW: Weapons seizures in Mexico

Would you set up a meeting with Mr. Breuer. Billy, Mark, and Sam should go too. Thanks.

From: Breuer, Lanny A. [RC-1]
Sent: Friday, December 04, 2009 10:18 AM
To: Melson, Kenneth E.
Cc: Siskel, Edward N. (ODAG) (SMO); Hoover, William J.; Weinstein, Jason; Rosen, Paul; Raman, Mythili; Fagell, Steven
Subject: RE: Weapons seizures in Mexico

Ken,

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

Best,

Lanny

From: Melson, Kenneth E. [RC-1]
Sent: Thursday, December 03, 2009 5:46 PM
To: Breuer, Lanny A.
Cc: Siskel, Edward N. (ODAG) (SMO); Hoover, William J.
Subject: Weapons seizures in Mexico

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

Attachment 5

U.S. Department of Justice

Criminal Division

Assistant Attorney General

Washington, D.C. 20530

MEMORANDUM

TO: The Attorney General
The Acting Deputy Attorney General

FROM: Lanny A. Breuer
Assistant Attorney General

DATE: Week of October 25, 2010

RE: Weekly Report

I. SIGNIFICANT UPCOMING EVENTS

A. Litigation

1. *Indictments/Investigations*

- *Tucson Gun Trafficking* (D. Ariz.): On October 27, the Organized Crime and Gang Section (OCGS) plans to indict eight individuals under seal relating to the trafficking of hundreds of firearms to Mexico. The sealing will likely last until another investigation, Phoenix-based "Operation Fast and Furious," is ready for takedown.

- RC-2



2. *Guilty Pleas*

- RC-2



MEMORANDUM FOR THE ATTORNEY GENERAL

THROUGH THE DEPUTY ATTORNEY GENERAL

FROM: Kenneth E. Melson
Deputy Director, Bureau of Alcohol, Tobacco, Firearms
and Explosives

SUBJECT: Weekly Report for March 1-5, 2010

EXPECTED LEGISLATIVE OR POLICY DEVELOPMENTS:

- RC-2
 -
 -
- 

RC-2

• RC-2

- ***Bureau of Alcohol, Tobacco, Firearms and Explosives Seizes 41 Firearms En Route to Mexico – Phoenix, Arizona:***

On February 22, 2010, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) reported on the investigation of a firearm trafficking organization operating in Phoenix. ATF agents obtained a court order authorizing the installation of a GPS tracking device inside the polymer stock of an AK-47 type firearm. The firearm was provided by ATF agents to a cooperating Federal firearms licensee (FFL), who sold it to a target of this investigation. ATF agents tracked the firearm from Phoenix to a location in Tucson and then south across the Tohono O’odham Reservation. Agents contacted the U.S. Border Patrol as there is not an established port of entry, wall, or fence on the reservation since it straddles the U.S.-Mexican border. Border Patrol agents made a vehicle stop and recovered 41 firearms. Both women in the vehicle stated they intended to take the firearms into Mexico.

• RC-2

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Attachment 6



U.S. Department of Justice

National Drug Intelligence Center

Office of the Director

DATE: June 28, 2010

MEMORANDUM TO THE ATTORNEY GENERAL

THROUGH THE ACTING DEPUTY ATTORNEY GENERAL

FROM: Michael F. Walther
Director
National Drug Intelligence Center

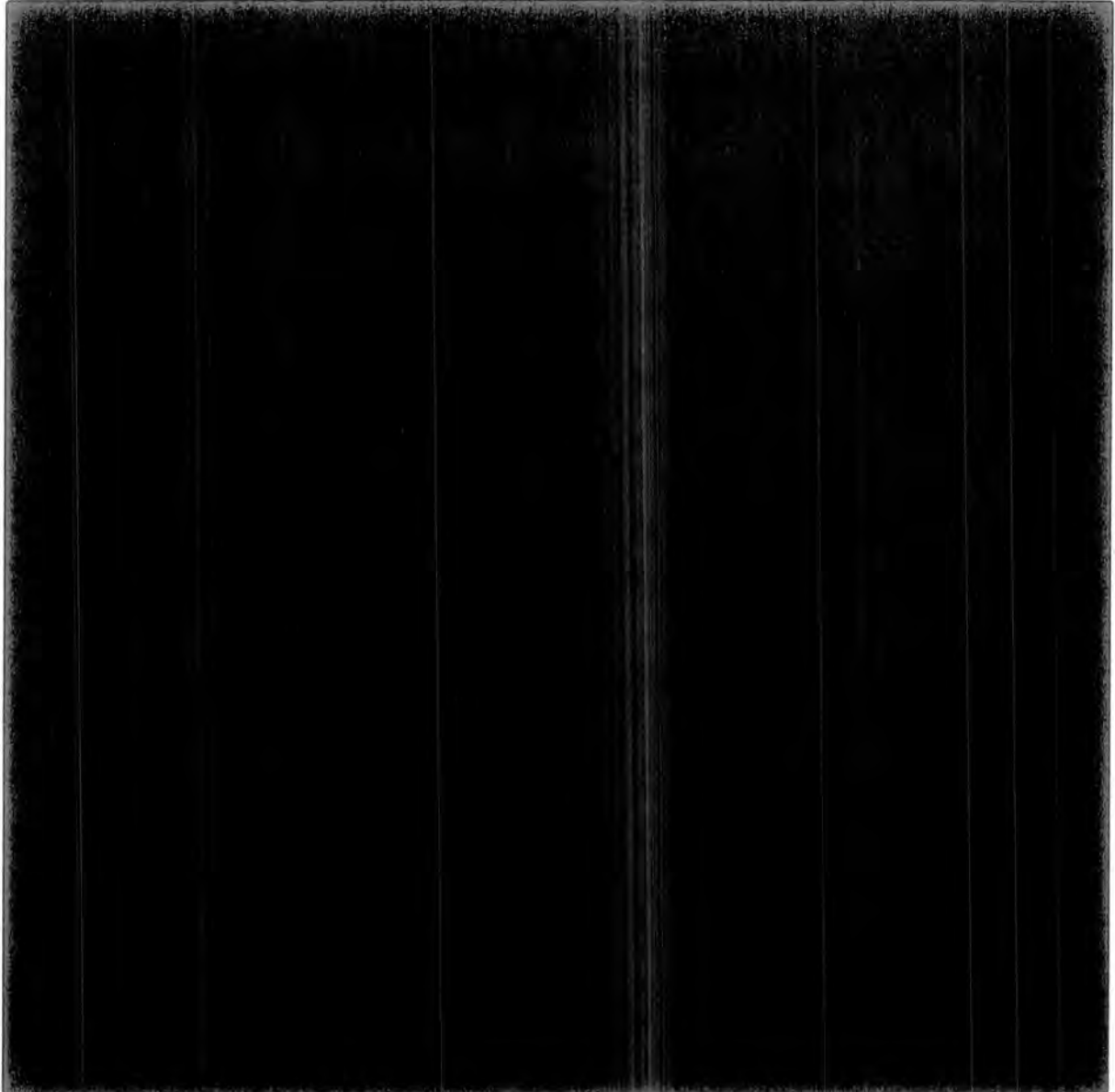
SUBJECT: WEEKLY REPORT FOR JUNE 28 THROUGH JULY 2, 2010

The National Drug Intelligence Center weekly report for June 28 through July 2 is as follows:

Next Week



Memorandum to the Attorney General from Michael F. Walther dated June 28, 2010
Subject: Weekly Report from June 28 through July 2, 2010

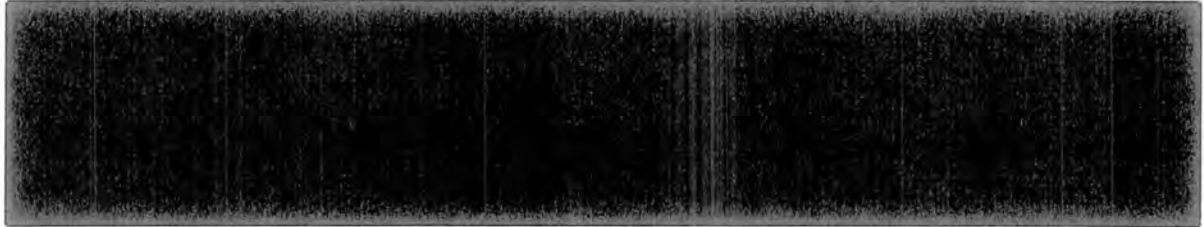


- ***(LOU-LES) Document and Media Exploitation Support to the Organized Crime Drug Enforcement Task Force:***

From July 6 through July 9, the National Drug Intelligence Center Document and Media Exploitation Team at the Phoenix Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force will support the Bureau of Alcohol, Tobacco, Firearms, and Explosives' Phoenix Field Division with its investigation of Manuel Celis-Acosta as part of OCDETF Operation Fast and the Furious. This investigation, initiated in September 2009 in conjunction with the Drug Enforcement Administration, Immigration and Customs Enforcement, and the Phoenix Police Department, involves a Phoenix-based firearms trafficking ring headed by Manuel

Memorandum to the Attorney General from Michael F. Walther dated June 28, 2010
Subject: Weekly Report from June 28 through July 2, 2010

Celis-Acosta. Celis-Acosta and [redacted] straw purchasers are responsible for the purchase of 1,500 firearms that were then supplied to Mexican drug trafficking cartels. They also have direct ties to the Sinaloa Cartel which is suspected of providing \$1 million for the purchase of firearms in the greater Phoenix area.



This Week



Memorandum to the Attorney General from Michael F. Walther dated June 28, 2010
Subject: Weekly Report from June 28 through July 2, 2010

Intelligence Studies

Intelligence Study	Requesting Agency	Publication Date
[REDACTED]		
National Marijuana Threat Assessment 2010	Office of National Drug Control Policy	June 2010
[REDACTED]		
West Central Region Gangs in Indian Country Threat Assessment	Office of National Drug Control Policy	July 2010
[REDACTED]		



U.S. Department of Justice

National Drug Intelligence Center

Office of the Director

DATE: January 31, 2011

MEMORANDUM TO THE ATTORNEY GENERAL

THROUGH THE DEPUTY ATTORNEY GENERAL

FROM: Michael F. Walther
Director
National Drug Intelligence Center

SUBJECT: NATIONAL DRUG INTELLIGENCE CENTER REPORT FOR
JANUARY 31 THROUGH FEBRUARY 4, 2011

STRATEGIC INTELLIGENCE



Pending Intelligence Publications

Intelligence Publication	Requesting Agency	Publication Date
Domestic Cannabis Cultivation Threat Assessment 2010	ONDCP	February
West Central Region Gangs in Indian Country Threat Assessment	ONDCP	February



LIMITED OFFICIAL USE – LAW ENFORCEMENT SENSITIVE

Memorandum to the Attorney General from Michael F. Walther dated January 31, 2011
 Subject: Weekly Report from January 31 through February 4, 2011

Intelligence Publication	Requesting Agency	Publication Date
Southwest Border Drug Seizure Statistics Report September 2010	ONDCP	February
Cocaine Availability in U.S. Drug Markets January through June 2010	ONDCP	March
Economic Impact of Illicit Drug Use on American Society	ONDCP	March
Pacific Region Gangs in Indian Country Threat Assessment	ONDCP	March
National Drug Threat Assessment 2011	ONDCP	March
Great Lakes Region Gangs in Indian Country Threat Assessment	ONDCP	March
Southwest Region Gangs in Indian Country Threat Assessment	ONDCP	March
Southwest Border Drug Seizure Statistics Report October 2010	ONDCP	March
Southwest Border Drug Seizure Statistics Report November 2010	ONDCP	March
OCDETF Northern Border Drug Threat Assessment	OCDETF	May



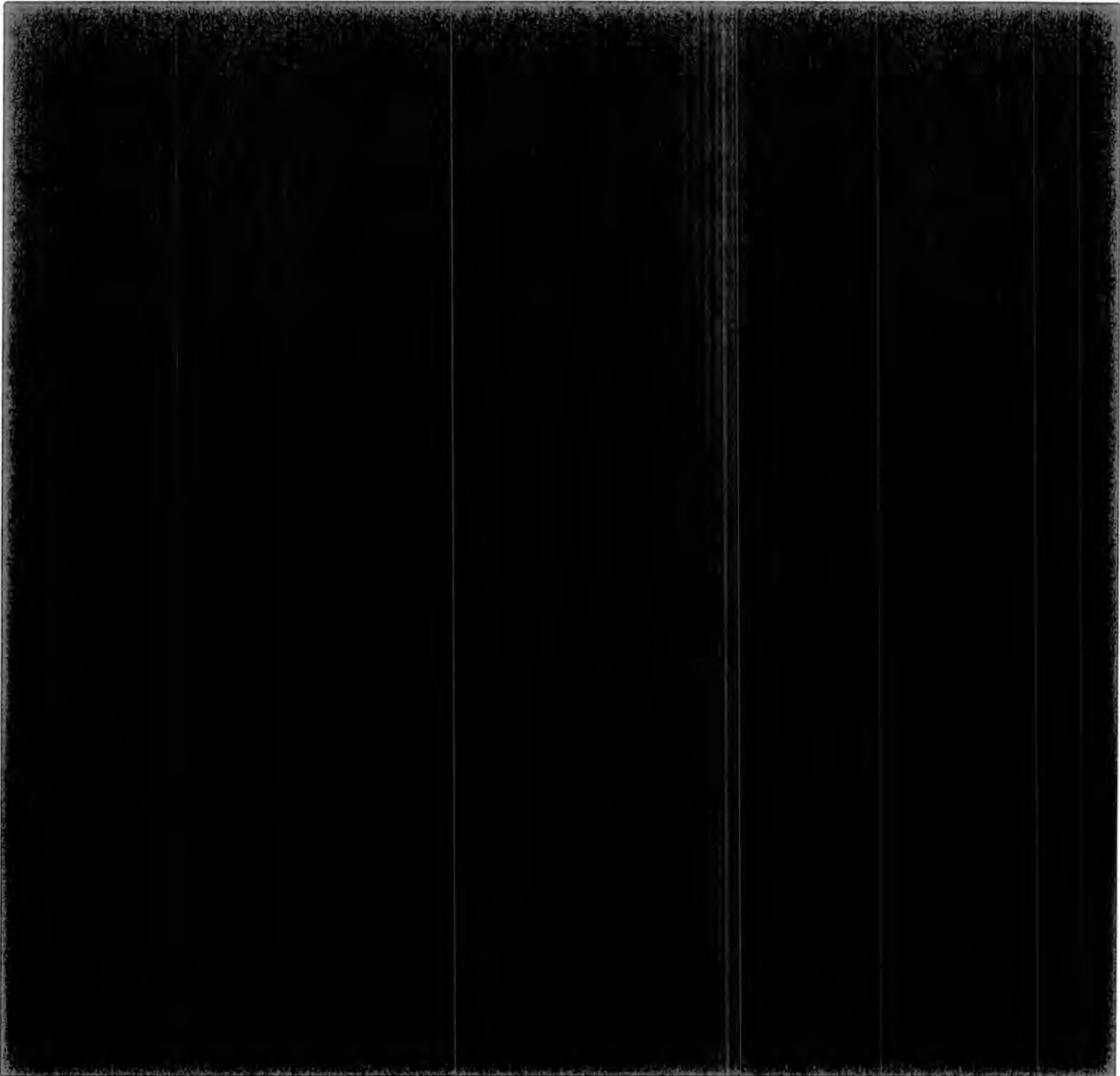
LIMITED OFFICIAL USE – LAW ENFORCEMENT SENSITIVE

Memorandum to the Attorney General from Michael F. Walther dated January 31, 2011
Subject: Weekly Report from January 31 through February 4, 2011

DOCUMENT AND MEDIA EXPLOITATION

Missions

Activity **Requesting Agency** **Dates**



Investigation: OCDETF Operation FAST AND THE FURIOUS ATF, Phoenix, Arizona Jan 31 – Feb 11

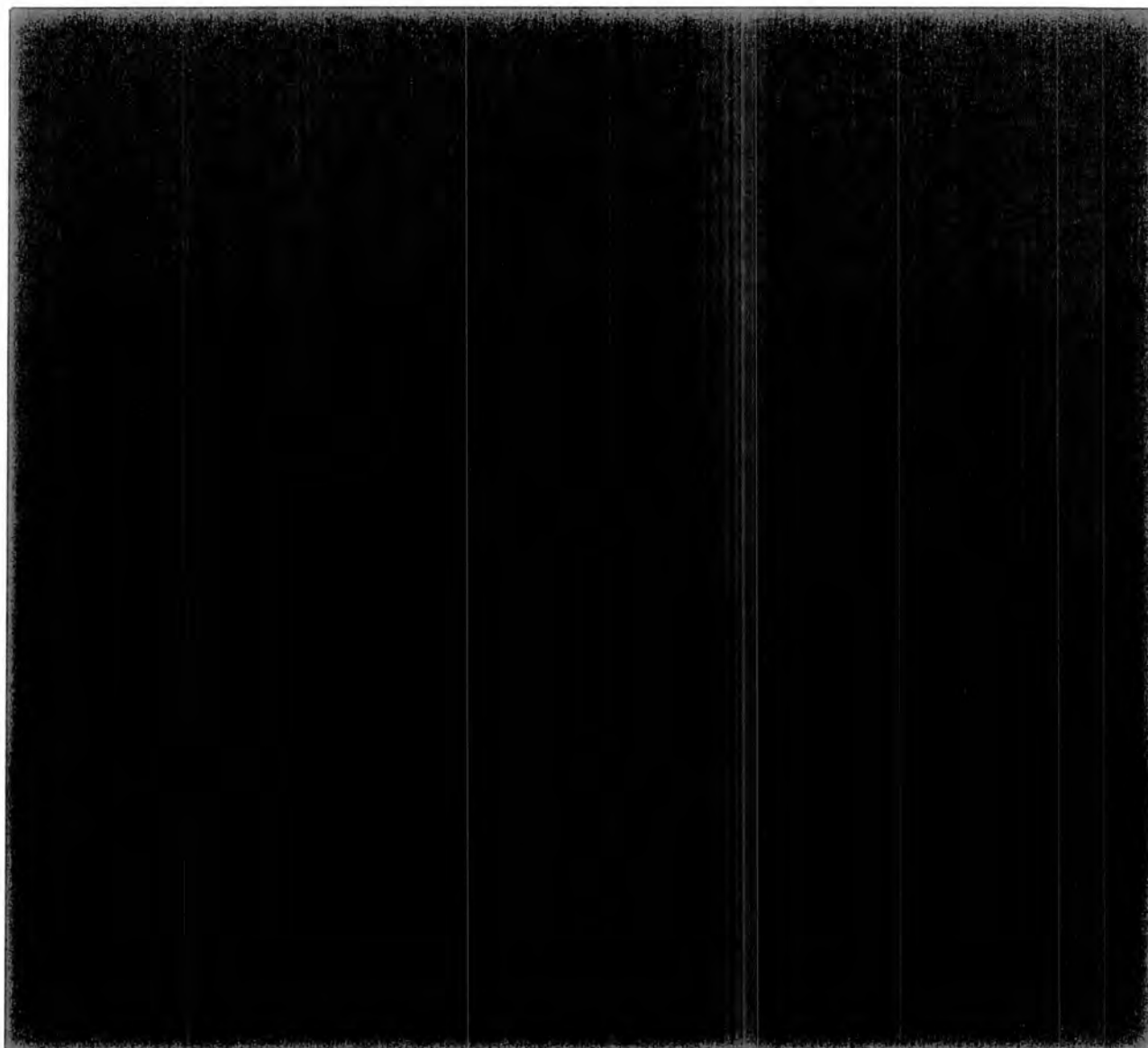
Region: Phoenix, Douglas, and Nogales, Arizona;

3 of 4

LIMITED OFFICIAL USE – LAW ENFORCEMENT SENSITIVE

Memorandum to the Attorney General from Michael F. Walther dated January 31, 2011
Subject: Weekly Report from January 31 through February 4, 2011

Activity		Requesting Agency	Dates
	and El Paso, Texas		
Targets:	Manuel CELIA-ACOSTA		
Drugs/Crime:	Straw purchase of firearms for SINALOA CARTEL		
Participants:	ATF		





U.S. Department of Justice

National Drug Intelligence Center

Office of the Director

DATE: August 2, 2010

MEMORANDUM TO THE ATTORNEY GENERAL

THROUGH THE ACTING DEPUTY ATTORNEY GENERAL

FROM: Michael F. Walther
Director
National Drug Intelligence Center

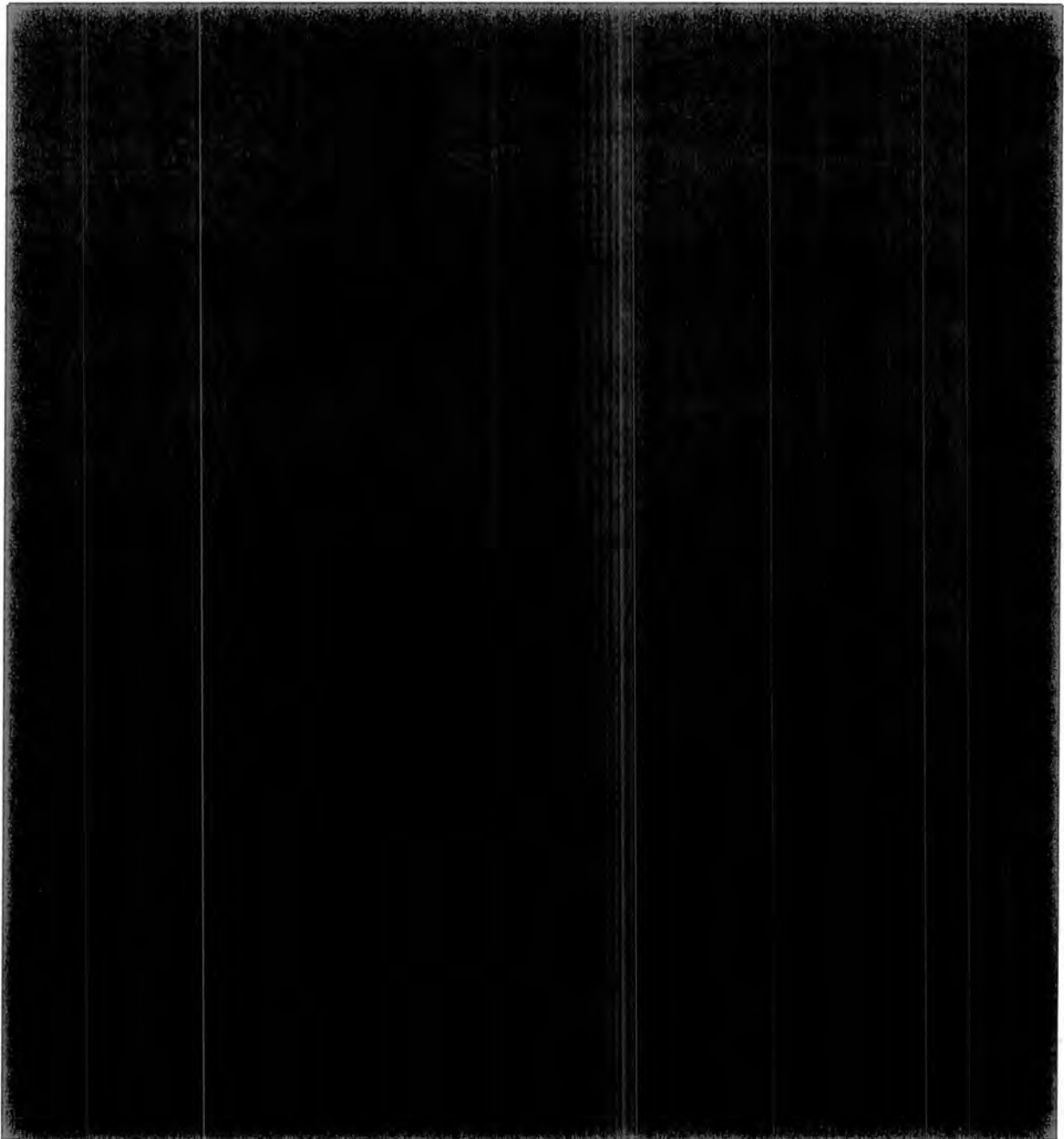
SUBJECT: WEEKLY REPORT FOR AUGUST 2 THROUGH AUGUST 6, 2010

The National Drug Intelligence Center weekly report for August 2 through August 6 is as follows:

Next Week



Memorandum to the Attorney General from Michael F. Walther dated August 2, 2010
Subject: Weekly Report from August 2 through August 6, 2010



(LOU-LES) Document and Media Exploitation Support to the Organized Crime Drug Enforcement Task Force:

From August 2 through August 6, the National Drug Intelligence Center Document and Media Exploitation Team at the Phoenix Organized Crime Drug Enforcement Task Force (OCDETF Strike Force) will support the Bureau of Alcohol, Tobacco, Firearms, and Explosives' Phoenix Field Division with its investigation of Manuel Celis-Acosta as part of OCDETF Operation

Memorandum to the Attorney General from Michael F. Walther dated August 2, 2010
Subject: Weekly Report from August 2 through August 6, 2010

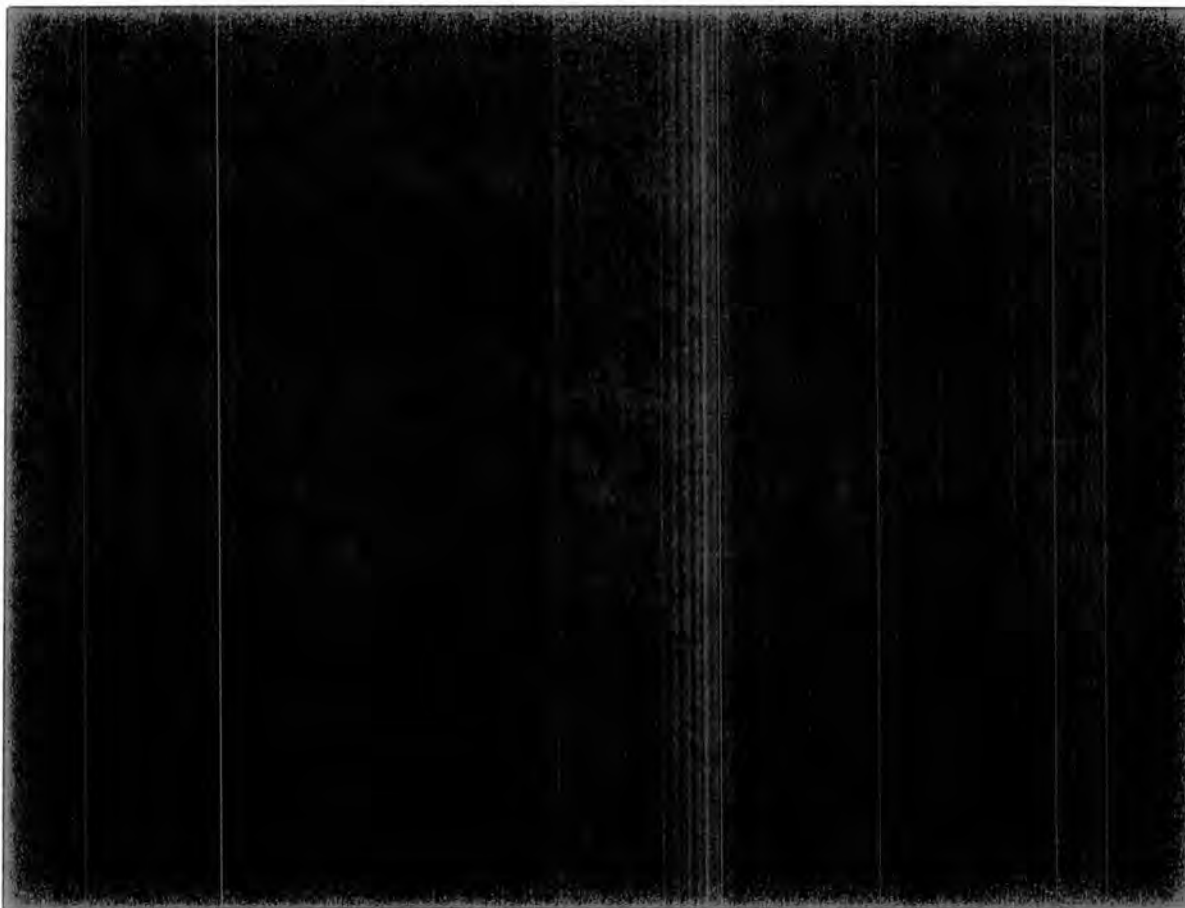
Fast and the Furious. This investigation, initiated in September 2009 in conjunction with the Drug Enforcement Administration, Immigration and Customs Enforcement, and the Phoenix Police Department, involves a Phoenix-based firearms trafficking ring headed by Manuel Celis-Acosta. Celis-Acosta and [redacted] straw purchasers are responsible for the purchase of 1,500 firearms that were then supplied to Mexican drug trafficking cartels. They also have direct ties to the Sinaloa Cartel which is suspected of providing \$1 million for the purchase of firearms in the greater Phoenix area.



Last Week



Memorandum to the Attorney General from Michael F. Walther dated August 2, 2010
Subject: Weekly Report from August 2 through August 6, 2010



- ***(LOU-LES) Document and Media Exploitation Support to the Organized Crime Drug Enforcement Task Force:***

From July 26 through July 30, the National Drug Intelligence Center Document and Media Exploitation Team at the Phoenix Organized Crime Drug Enforcement Task Force (OCDETF) Strike Force supported the Bureau of Alcohol, Tobacco, Firearms, and Explosives' Phoenix Field Division with its investigation of Manuel Celis-Acosta as part of OCDETF Operation Fast and the Furious. This investigation, initiated in September 2009 in conjunction with the Drug Enforcement Administration, Immigration and Customs Enforcement, and the Phoenix Police Department, involves a Phoenix-based firearms trafficking ring headed by Manuel Celis-Acosta. Celis-Acosta and [REDACTED] straw purchasers are responsible for the purchase of 1,500 firearms that were then supplied to Mexican drug trafficking cartels. They also have direct ties to the Sinaloa Cartel which is suspected of providing \$1 million for the purchase of firearms in the greater Phoenix area.

Memorandum to the Attorney General from Michael F. Walther dated August 2, 2010
Subject: Weekly Report from August 2 through August 6, 2010

- [REDACTED]
- [REDACTED]

Intelligence Studies

Intelligence Study	Requesting Agency	Publication Date
[REDACTED]	[REDACTED]	[REDACTED]
National Marijuana Threat Assessment 2010	Office of National Drug Control Policy	August 2010
[REDACTED]	[REDACTED]	[REDACTED]
West Central Region Gangs in Indian Country Threat Assessment	Office of National Drug Control Policy	August 2010

Attachment 7

n: Morrissey, Mike (USAAZ)
t: Wednesday, December 15, 2010 3:15 PM
to: Cunningham, Patrick (USAAZ); Burke, Dennis (USAAZ); Scheel, Ann (USAAZ)
Cc: Tarango, Manuel (USAAZ)
Subject: RE: Fast and Furious: You available for a call today?

I'd like to make Jan 19 the "set in stone" date for an indictment, so that this comes to pass and we can make definite plans for searches and arrests. I agree with Pat that we should have a back up date but I do not want to use it. Mike

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

From: Cunningham, Patrick (USAAZ)
Sent: Wednesday, December 15, 2010 1:05 PM
To: Burke, Dennis (USAAZ); Scheel, Ann (USAAZ)
Cc: Morrissey, Mike (USAAZ); Tarango, Manuel (USAAZ)
Subject: Fast and Furious: You available for a call today?

After speaking to Morrissey and Emory, here are some possible dates for Fast and Furious:

Indictment of about 20 defendants on January 19, a Wednesday, to include Conspiracy to falsely purchase weapons (straw purchasing) and to sell firearms without a license, unlawful export of weapons to Mexico which requires Pelak's (sp?) approval in Washington, and money laundering. IRS is doing the money laundering investigation.

January 26, a Wednesday--reserve GJ date if we are not ready on Jan 19

January 27, three search warrants, some civil seizure warrants, arrests of the 20 defendants, and Press Event that day after the take down.

See you about 3pm. PJC

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

From: Burke, Dennis (USAAZ)
Sent: Wednesday, December 15, 2010 12:15 AM
To: Cunningham, Patrick (USAAZ); Scheel, Ann (USAAZ)
Subject: Fw: You available for a call today?

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

From: Burke, Dennis (USAAZ)
Sent: Wednesday, December 15, 2010 02:14 AM
To: Wilkinson, Monty (OAG) (SMO)
Subject: Re: You available for a call today?

Sorry for going dark on you. I was at Navajo and Hopi all day and coverage was weak at best. I did get your vm. We have a major gun trafficking case connected to Mexico we are taking down in January. 20+ defendants. Will call today to explain in detail.

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

From: Wilkinson, Monty (OAG) (SMO)
Sent: Tuesday, December 14, 2010 11:18 AM
To: Burke, Dennis (USAAZ)
Subject: You available for a call today?

Attachment 8

From: Smith, Brad (ODAG) <RC-1 >
Sent: Friday, December 17, 2010 11:58 AM
To: Grindler, Gary (ODAG) <RC-1 >; Monaco, Lisa (ODAG) <RC-1 >; Luck, Stacey (ODAG) <RC-1 >
Cc: Michalic, Mark (ODAG) <RC-1 >; Johnston, Deborah A. (ODAG) <RC-1 >
Subject: ATF Update
Attach: RC-2 < >; December Fast and Furious BP for SAC (2) (2).docx; December Fast and Furious BP Supplemental December 16 2010.docx

<<...>> G <<...>> a <<...>> r <<...>> y,

Mark and I just wanted to pass along a few quick ATF-related updates we received from Billy Hoover. We do not believe anything requires immediate action from our office, but we wanted to make sure you were aware of the issues.

RC-2



Second, you may recall that a CBP border agent was killed on Tuesday in a firefight in Arizona involving along the Mexican border. Two of the weapons recovered from the scene (AK-47 variants) have been linked to Jaime Avila Jr., a "straw firearms purchaser" that ATF and USAO for Arizona have been investigating since November 2009 as part of its larger "Fast and Furious" operation. (It is not clear if the shots that killed the CBP agent came from the weapons linked to Avila.) ATF agents, assisted by ICE, USMS, and Phoenix police, arrested Avila on Wednesday for falsification of ATF forms, and in a subsequent interview, he admitted to serving as a straw purchaser. The attached background papers, which ATF prepared, provide additional details on the case, if you are interested.

RC-2



Thanks,

Brad

Briefing Paper

Phoenix Field Division

Phoenix Group VII (OCDETF Strike Force/Gunrunner)

ATF Investigation 785115-10-0004

Operation: Fast & Furious, OCDETF No. SW-AZP-0496

Case Background

The Phoenix Group VII Field Office is leading an investigation entitled “Operation Fast & Furious” in conjunction with Immigration and Customs Enforcement (ICE), Drug Enforcement Administration (DEA), Internal Revenue Service (IRS) and the Phoenix Police Department (PPD). This operation was approved as an OCDETF case by the Southwest Region as SW-AZP-0496.

Since October 2009, ATF and the other partners listed above have been investigating a firearm trafficking organization that is being funded by the Sinaloa drug trafficking organization (DTO), a narcotics trafficking organization well known for violent criminal activity in Mexico. This organization is also involved in trafficking firearms to Mexico, and smuggling cocaine and marijuana into southern Arizona to be distributed throughout the United States. The OCDETF investigation of this organization is addressing violations of Federal Laws to include Firearms, Narcotics, Money Laundering, and Conspiracy Laws.

Agents believe that the Phoenix-based firearm trafficking group is actively purchasing firearms through “straw” purchasers using narcotics proceeds. From October 2009 to October 2010 agents have documented that this organization spent approximately 1.25 million dollars in cash at various Phoenix area Federal Firearms Licensees to acquire in excess of 1,900 firearms. The firearms are then being trafficked into Mexico using false compartments in various vehicles through various international Ports of Entry in Arizona and Texas.

RC-3

[REDACTED] and many other investigative techniques to further the investigation. Through these investigative techniques agents have been able to identify a large number of additional co-conspirators and disrupt the illegal activities of this firearms trafficking organization by seizing numerous firearms and narcotics. To date, over three hundred firearms and over fifty pounds of marijuana have been recovered by agents in addition to the numerous firearms and narcotic seizures in Mexico related to this investigation.

Over the past several weeks agents, in conjunction with the investigative partners and the United States Attorney's Office (USAO) have been preparing for the indictment of ^{RC-5} individuals in this investigation. Agents initially anticipated a first wave of indictments on December 7, 2010. However, in light of additional evidence obtained in support of this investigation and investigative efforts on the part of IRS the first wave of approximately 20 indictments have been pushed back another 30 days. The reasons for this include the very proactive stance the IRS has taken during the past several weeks ^{RC-3}

^{RC-3} In addition the USAO has agreed to approve the inclusion of five Federal search warrants. The additional preparation for the search warrants and ^{RC-3} coupled with available Grand Jury time, has pushed the indictment date to the week of January 10, 2011.

On December 3rd SAC Newell and ASAC Needles met with USA Burke, Chief of Criminal Cunningham and the lead AUSA for this case and discussed all these matters.

It should be further noted that firearms purchasing and trafficking activity by this organization has subsided significantly since early October of this year. This is due to several factors not the least of which are the many proactive measures taken by the agents assigned to Phoenix Group VII. It should also be noted that throughout the course of the investigation numerous seizures were made by other State, local and Federal law enforcement agencies at the direction of Phoenix Group VII in order to ensure the seized firearms did not reach their intended destination but also to ensure the leadership of this firearms trafficking organization was not "tipped off" to the proactive measures taken while the larger conspiracy case was being prepared for the USAO.

List of Defendants Referred to USAO for Prosecution:

RC-4



Proposed Charges:

1. Title 18, United States Code, Section 554, Smuggling Goods from the United States,
2. Title 18, United States Code, Section 922(a)(1), Dealing in Firearms without a License;
3. Title 18, United States Code, Section 922(a)(5), Transferring Firearms to a Non-Resident of the State;
4. Title 18, United States Code, Section 922(a)(6) Making a False Statement in Connection with the Acquisition of a Firearm;
5. Title 18, United States Code, Section 924(a)(1)(A) Making a False Statement in Connection with the Acquisition of a Firearm;
6. Title 18, United States Code, Section 924(n), Interstate/International Firearms Trafficking;
7. Title 18, United States Code, Sections 924(c) and 924(o), Use of a Firearm in Furtherance of a Drug Trafficking Offense/Conspiracy to Use a Firearm in Furtherance of a Drug Trafficking Offense;
8. Title 18, United States Code, Section 1343, Wire Fraud;
9. Title 18, United States Code, Section 1956, Money Laundering;
10. Title 18, United States Code, Section 371, Conspiracy to Commit any Offense Against the United States;
11. Title 21, United States Code, Sections 841 and 846, Possession/Conspiracy to Possess a Controlled Substance with Intent to Distribute;
12. Title 21, United States Code, Sections 960 and 963, Import/Conspiracy to Import a Controlled Substance;
13. Title 22, United States Code, Section 2778, Attempt/Export Munitions without a License;
14. Title 31, United States Code, Section 5324, Structuring Transactions to Evade Reporting Requirements; and
15. Title 31, United States Code, Section 5332, Bulk Cash Smuggling;

Briefing Paper

Phoenix Field Division

Phoenix Group VII (OCDETF Strike Force/Gunrunner)

ATF Investigation 785115-10-0004

Operation: Fast & Furious, OCDETF No. SW-AZP-0496

Supplemental

On December 15/16, 2010, after the shooting death of U.S. Border Patrol Agent Brian Terry near Rio Rico, Arizona (approx 25 miles north of Nogales) Southern Arizona law enforcement officers/agents responded and conducted a search of the area. This search resulted in the arrest of four individuals. One of them, Manuel Osorio Arellances DOB: 8-4-76, was shot in the exchange of gunfire ^{RC-5}
RC-5

In addition and during the search of the area two RomArm/Cugir, Model GP WASR 10, 7.62x39mm AK-47 rifles, serial numbers 1983AH3977 and 1971CZ3775 were recovered near the scene of the shooting. An Urgent firearms trace requested by ATF agents on-scene determined that these firearms were in ATF's National Tracing Center's Suspect Gun Database due to their association to an ATF led OCDETF investigation out the Phoenix OCDETF Strike Force. This investigation, entitled "Fast and Furious", due to the very quick manner in which a complex firearms trafficking organization acquired several hundred firearms was initiated in October 2009 and is being conducted in conjunction with ICE/HSI, IRS, DEA and the Phoenix Police Department.

Due to the "hit" in the Suspect Gun Database the Phoenix Field Division's Field Intelligence Group was notified and confirmed that the two recovered firearms were part of a sale of three Romarm/Cugir AK-47 variant rifles purchased by Jaime AVILA Jr. on January 16, 2010 from Lone Wolf Trading Company in Glendale, Arizona. Jaime Avila Jr is one of ^{RC-5} straw firearms purchasers identified in the "Fast and Furious" investigation and recommended by ATF for prosecution to the U.S. Attorney's Office in Phoenix, Arizona.

Jaime Avila Jr. is known to have purchased a total of 52 firearms beginning in late November 2009 and ending in mid-June 2010. He had purchased 13 firearms by the time he purchased the three AK-47 variant rifles on January 16, 2010, two of which were recovered near Rio Rico, Arizona on December 16th. The 52 firearms purchased by Jaime Avila Jr. included 17 AK-47 variant rifles, 11 Fabrique National "FN57" 5.7x28mm pistols, 10 9mm pistols, 5 .45 and .40 caliber pistols, 2 Barrett .50 caliber rifles and several other assorted firearms.

Sensitive But Unclassified – For Official Use Only

On December 15, 2010, ATF agents, assisted by ICE, the USMS and the Phoenix Police Department located Jaime Avila Jr. and subsequently interviewed and arrested him on charges stemming from his falsifying ATF F 4473s by using a false address during his purchase of four (4) firearms on June 12, 2010, and another four (4) firearms on June 15, 2010. During his interview, Jaime Avila Jr. admitted to ATF agents that he straw purchased these firearms for an unidentified Hispanic male as well as admitted he had used an address of a residence he had not resided in for several years. This was confirmed by interviewing the current residents of the address he used along with verification via utility systems queries.

Jaime Avila Jr. was held overnight and ATF agents have prepared a Federal criminal complaint for him based on violations of Federal firearms laws specifically of Title 18, United State Code, Sections 924(a)(1)(A)

Sensitive But Unclassified – For Official Use Only

HOGR DOJ 002881

Attachment 9

United States Senate

WASHINGTON, DC 20510

June 16, 2011

Via Electronic Transmission

Kenneth Melson
Acting Director
Bureau of Alcohol, Tobacco, Firearms, & Explosives
U.S. Department of Justice
99 New York Avenue, NE
Washington, DC 20226

Dear Acting Director Melson:

I write today in response to a June 10, 2011, article in *The Wall Street Journal* titled, "Mexican Guns Tied to U.S.", which cites a letter you sent to Senator Diane Feinstein, the Chairman of the Senate Caucus on International Narcotics Control ("Caucus"). As the Co-Chairman of the Caucus, and Ranking Member of the Senate Committee on the Judiciary ("Committee"), I have been investigating serious allegations raised by whistleblowers within the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) that agents knowingly allowed weapons to be sold to straw purchasers who then transferred those weapons to Mexican Drug Trafficking Organizations ("DTOs"). These allegations were the subject of two Congressional hearings this week and the timing of the release of this information raises questions about why the ATF would choose to release this information publicly now. Further, after reviewing the data presented in the article, I have questions about why ATF provided some select information, but not a more detailed analysis that would help Congress, and the American people, better understand the causes and sources of illegal firearms in Mexico.

Federal law prohibits the ATF from releasing firearm trace data or multiple handgun sales reports, but it does not prohibit the release of aggregate statistical data on illegal gun trafficking. However, I am concerned that the selective release of certain statistical data without further clarification and categorization may inaccurately reflect the scope and source of the problem of firearms in Mexico and the DTO violence. For example, the article states that ATF traced firearms in Mexico that were submitted for tracing by the Government of Mexico ("GOM") 21,313 firearms in 2009 and 7,971 firearms in 2010. The article further adds that of the firearms traced, 14,213 in 2009 were manufactured in the U.S. or imported to the U.S. from other countries. The article adds that 6,291 firearms in 2010 were either manufactured in the U.S. or imported from other countries. Taken together, these numbers provided the basis for the general estimate that 70% of firearms provided to the ATF from the GOM were traced back to the U.S.

The implication the article makes is that these firearms must come directly from U.S. manufacturers or U.S. Federal Firearms Licensees ("FFLs") selling guns to DTO members who smuggle the guns over the Southwest border. Unfortunately, this information paints a grossly inaccurate picture of the situation.

First and foremost, it is worth noting that the firearms data discussed in the article is based upon only the firearms that were submitted by the GOM to ATF for tracing. According to a May 6, 2009, article written by the Associated Press, over 305,424 confiscated weapons are locked in vaults in Mexico.¹ The weapons submitted for tracing represent only a small percentage of the number of weapons found to be part of the DTO related crime in Mexico. Further, there has been significant evidence in the media recently regarding the proliferation of weapons in Mexico smuggled out of Central America. For example, at a recent hearing before the Caucus on Central American security cooperation we heard testimony from witnesses that corrupt officers with access to unsecured arsenals in Guatemala and Honduras were an important source of weapons. In one recent media report, they discussed how over 1,100 fragmentation grenades, M-60 machine guns, and over a dozen grenade launchers were recovered in Guatemala at an alleged safe house of the Zetas DTO. That same article added that the Zetas had stolen over 500 weapons from a Guatemalan military base between 2007 and 2008.

Additional evidence regarding the source of weapons in Mexico is contained in an unclassified cable from the U.S. Department of State (“DOS”) dated July 2, 2010, obtained by my office and attached to this letter. The cable, titled, “Mexico Weapons Trafficking – The Blame Game” seeks to dispel rumors about the source of weapons trafficked to Mexico. The unclassified cable includes sections such as: “Myth: An Iron Highway of Weapons Flows from the U.S.,” “Myth: The DTOs Are Mostly Responsible,” “Myth: Mexico Aggressively Investigating Weapons Confiscated,” “Myth: Mexico Methodically Registers and Tracks Weapons,” and “Myth: The GOM Justice System is Tough on Violators of Gun Laws.” While this cable is very candid about the true problem of weapons smuggling inside Mexico, the cover emails forwarding this cable suggest that the ATF and officials associated with the ATF disagreed.

In fact, one email written by Special Agent in Charge William Newell states, “I could go on and on but once our ‘Fast and Furious’ case breaks it will change this.” Unfortunately, it now appears that Special Agent in Charge Newell’s prediction was correct, but instead of an “Iron Highway” operating on its own, it was ATF who fueled the flow of weapons through its “Fast and Furious” investigation which knowingly sanctioned the sale of nearly 2,000 firearms to straw purchasers.

I understand that agents working on tracing weapons in Mexico back to the U.S. routinely instruct GOM authorities to only submit weapons for tracing that have a likelihood of tracing back to the U.S. The purpose of this policy is to direct resources to tracing firearms that may have a U.S. nexus, instead of simply wasting resources on tracing firearms that will not trigger a U.S. source. So, based upon this background information, it is not surprising that reviewing a sample of weapons that is purposefully directed to increase the likelihood of U.S. generated weapons would in fact skew toward the direction of making it look like U.S. gun dealers provide more weapons than they actually do.. However, further discussion of the data that is presented in the article is warranted.

¹ E. Eduardo Castillo, *AP Impact: Mexico's Weapons Cache Stymies Tracing*, May 6, 2009, available at <http://www.brownsvilleherald.com/common/printer/view.php?db=brownsville&id=97742> (last visited June 13, 2011).

Looking specifically at the information provided by the ATF to Senator Feinstein and the *The Wall Street Journal* raises some questions when compared more detailed data provided to my office. ATF actually traced 26,813 firearms in 2009 and 9,443 in 2010. Further, that data indicates that of those firearms actually submitted for tracing, a vast majority of those firearms did not come from FFLs (either U.S. based or Mexican based). In fact, of the 26,813 weapons traced in 2009, only 5,800 actually traced back to U.S. or Mexican FFLs. Table 1 illustrates a more detailed breakdown of the firearms data for both 2009 and 2010. The most noteworthy portion of the information is that nearly 78% of firearms traced in 2009 and 66% of firearms traced in 2010 were assigned to a catchall category “No Final Sale Dealer” which means the firearms did not trace back to a United States FFL. This category of firearms includes firearms that have no nexus with U.S. commerce. It also includes firearms where the only nexus to U.S. commerce is that they were manufactured by U.S. companies. This means they are not sold by FFLs in the United States. Instead, they may be sold to foreign countries or militaries requiring approval of the State Department and Homeland Security. Additionally, this category includes firearms in the ATF’s Suspect Gun Database—a category which would include nearly 2,000 firearms as part of ATF’s Fast and Furious Investigation where the ATF knowingly authorized firearm sales to straw purchasers before the weapons were trafficked to Mexican DTOs.

Table 1: Firearms Tracing Information for 2009 and 2010

Year	Number of Firearms Submitted for Tracing by Government of Mexico	Number of Firearms Traced to Federal Firearm Licensees (FFLs)	Number of Firearms Assigned to “No Final Sale Dealer”
2009	26,813	5,800 (22%)	21,013 (78%)
2010	9,443	3,176 (34%)	6,267 (66%)

Because the numbers provided to my office indicate that the data provided to Senator Feinstein and *The Wall Street Journal* may not be entirely accurate and because further questions and breakdowns of that data are necessary for Congress to make an informed decision about the sources of weapons that are fueling the DTO related violence in Mexico, I ask that you provide responses to the following questions:

- (1) Of the 21,013 firearms in the “No Final Sale Dealer” category for 2009, how many of those firearms can be traced back to military sales to the GOM? How many can be traced to the military of Guatemala? How many can be traced to the military of Honduras? How many can be traced to the military of El Salvador? How many can be traced to other Central American and South American militaries? How many can be traced to other foreign militaries? How many are in that category because they were in the Suspect Gun Database?
- (2) Of the 6,267 firearms in the “No Final Sale Dealer” category for 2010, how many of those firearms can be traced back to military sale to the GOM? How many can be traced to the military of Guatemala? How many can be traced to the military of Honduras? How many can be traced to the military of El Salvador? How many can

be traced to other Central American and South American militaries? How many can be traced to other foreign militaries? How many are in that category because they were in the Suspect Gun Database?

- (3) How many of those weapons in the "No Final Sale Dealer" category for 2009 and 2010 were previously reported lost or stolen?
- (4) Has the ATF requested access to the 305,424 firearms held by the GOM military vault? How many of those firearms have been traced? How many of those firearms would trace back to the GOM and the Mexican military?
- (5) Data indicates that the top source dealer for illegal firearms traced in Mexico for 2009 was "Direccion General De Industria Milita" or the Directorate General of Military Industry in Mexico. They provided 120 firearms that were later traced back, likely after a crime. Why does this entity have a U.S. Federal Firearms License? Are sales to this and other foreign entities with U.S. FFL's included in the numbers the ATF provided as being a gun from a "U.S. Source". If so, why?
- (6) Why did the number of trace requests drop significantly from 2009 to 2010, but the percentage trace to U.S. FFLs go up? What is behind this trend?

Accordingly, as Co-Chairman of the Caucus and Ranking Member of the Committee, I request your prompt response to these important questions no later than June 23, 2011.

Sincerely,



Charles E. Grassley
Co-Chairman, Senate Caucus on International Narcotics Control
Ranking Member, Senate Committee on the Judiciary

Attachment