

# FATALLY FLAWED

Five Years of Gunwalking in Arizona



## REPORT OF THE MINORITY STAFF

REP. ELIJAH E. CUMMINGS, RANKING MEMBER  
Committee on Oversight and Government Reform  
U.S. House of Representatives  
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For information related to this report, please contact:

Minority Staff, Committee on Oversight and Government Reform

(202) 225-5051

<http://democrats.oversight.house.gov/>

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# Congress of the United States

## House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074  
FACSIMILE (202) 225-3974  
MINORITY (202) 225-5051

<http://oversight.house.gov>

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January 30, 2012

Dear Members of the Committee on Oversight and Government Reform:

On December 15, 2010, Brian Terry, an Agent in an elite Customs and Border Protection tactical unit, was killed in a gunfight 18 miles from the Mexican border. Two AK-47 variant assault rifles found at the scene were traced back to purchases by one of the targets of an investigation called Operation Fast and Furious being conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). When he purchased these weapons, the target had already been identified as a suspected straw purchaser involved with a large network of firearms traffickers illegally smuggling guns to deadly Mexican drug cartels. Despite knowing about hundreds of similar purchases over a year-long period, ATF interdicted only a small number of firearms and delayed making arrests.

Last June, I pledged to Agent Terry's family that I would try to find out what led to this operation that allowed hundreds of firearms to be released into communities on both sides of the border. Following the Committee's year-long investigation of this matter, I directed my staff to compile this report to provide some of those answers. I instructed them to focus on the facts we have discovered rather than the heated and sometimes inaccurate rhetoric that has characterized much of this investigation.

As a result, this report tells the story of how misguided gunwalking operations originated in 2006 as ATF's Phoenix Field Division devised a strategy to forgo prosecutions against low-level straw purchasers while they attempted to build bigger charges against higher-level cartel members. Unfortunately, this strategy failed to include sufficient operational controls to stop these dangerous weapons from getting into the hands of violent criminals, creating a danger to public safety on both sides of the border.

The report describes how, rather than halting this operation after its flaws became evident, ATF's Phoenix Field Division launched several similarly reckless operations over the course of several years, also with tragic results. Operation Fast and Furious was the fourth in a series of operations in which gunwalking—the non-interdiction of illegally purchased firearms that could and should be seized by law enforcement—occurred since 2006.

This report also details complaints by ATF line agents and senior officials in Washington, who told the Committee that these failures were aggravated and compounded by the Arizona

U.S. Attorney's Office, which failed to aggressively prosecute firearms trafficking cases, and Federal courts in Arizona, which showed leniency toward the trafficking networks that fuel armed violence in Mexico.

This report debunks many unsubstantiated conspiracy theories. Contrary to repeated claims by some, the Committee has obtained no evidence that Operation Fast and Furious was a politically-motivated operation conceived and directed by high-level Obama Administration political appointees at the Department of Justice. The documents obtained and interviews conducted by the Committee indicate that it was the latest in a series of reckless and fatally flawed operations run by ATF's Phoenix Field Division during both the previous and current administrations.

Although this report provides a great amount of detail about what we have learned to date, it has several shortcomings. Despite requests from me and others, the Committee never held a hearing or even conducted an interview with former Attorney General Michael Mukasey. The Committee obtained documents indicating that in 2007 he was personally informed about the failure of previous law enforcement operations involving the illegal smuggling of weapons into Mexico, and that he received a proposal to expand these operations. Since the Committee failed to speak with Mr. Mukasey, we do not have the benefit of his input about why these operations were allowed to continue after he was given this information.

The Committee also rejected my request to hold a public hearing with Kenneth Melson, the former Acting Director of ATF, the agency primarily responsible for these operations. Although Committee staff conducted an interview with Mr. Melson, the public has not had an opportunity to hear his explanations for why these operations continued for so many years without adequate oversight from ATF headquarters.

As its title indicates, the Committee on Oversight and Government Reform has two primary missions. Not only are we charged with conducting oversight of programs to root out waste, fraud, and abuse, but we are also responsible for reforming these programs to ensure that government works more effectively and efficiently for the American people. For these reasons, this report sets forth constructive recommendations intended to address specific problems identified during the course of this investigation.

Above all, in offering this report and these recommendations, I recognize and commend the contributions of hundreds of thousands of law enforcement agents across our government who risk their lives on a daily basis in the pursuit of public safety and in defense of this nation.

Sincerely,

  
Elijah E. Cummings  
Ranking Member

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# I. EXECUTIVE SUMMARY

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On December 15, 2010, Customs and Border Protection Agent Brian Terry was killed in a gunfight in Arizona, and two AK-47 variant assault rifles found at the scene were traced back to purchases by one of the targets of an investigation called Operation Fast and Furious being conducted by the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). The target already had been identified as a suspected straw purchaser involved with a large network of firearms traffickers smuggling guns to deadly Mexican drug cartels.

At the request of the Committee's Ranking Member, Rep. Elijah E. Cummings, this report describes the results of the Committee's year-long investigation into the actions and circumstances that led to this operation.

The report finds that gunwalking operations originated as early as 2006 as agents in the Phoenix Field Division of ATF devised a strategy to forgo arrests against low-level straw purchasers while they attempted to build bigger cases against higher-level trafficking organizers and financiers. Rather than halting operations after flaws became evident, they launched several similarly reckless operations over the course of several years, also with tragic results. Each investigation involved various incarnations of the same activity: agents were contemporaneously aware of illegal firearms purchases, they did not typically interdict weapons or arrest straw purchasers, and firearms ended up in the hands of criminals on both sides of the border.

## **Operation Wide Receiver (2006-2007)**

In 2006, ATF agents in Phoenix initiated Operation Wide Receiver with the cooperation of a local gun dealer. For months, ATF agents watched in real-time as traffickers purchased guns and drove them across the border into Mexico. According to William Newell, the Special Agent in Charge of the Phoenix Field Division, these suspects told the gun dealer that the "firearms are going to his boss in Tijuana, Mexico where some are given out as gifts." Although ATF officials believed they had sufficient evidence to arrest and charge these suspects, they instead continued surveillance to identify additional charges. As one agent said at the time, "we want it all."

Paul Charlton, then the U.S. Attorney in Phoenix, was informed that firearms were "currently being released into the community," and he was asked for his position on allowing an "indeterminate number" of additional firearms to be "released into the community, and possibly into Mexico, without any further

ability by the U.S. Government to control their movement or future use.” As his subordinate stated, “[t]his is obviously a call that needs to be made by you Paul.”

Over the next year, ATF agents in Phoenix went forward with plans to observe or facilitate hundreds of suspected straw firearm purchases. In 2007, a year after the investigation began, ATF initiated attempts to coordinate with Mexican officials. After numerous attempts at cross-border interdiction failed, however, the lead ATF case agent for Operation Wide Receiver concluded: “We have reached that stage where I am no longer comfortable allowing additional firearms to ‘walk’.”

In late 2007, the operational phase of Operation Wide Receiver was terminated, and the case sat idle for two years. When a Justice Department prosecutor reviewed the file in 2009, she quickly recognized that “a lot of guns seem to have gone to Mexico” and “a lot of those guns ‘walked’.” The defendants were indicted in 2010 after trafficking more than 450 firearms.

### **The Hernandez Case (2007)**

ATF agents in Phoenix attempted a second operation in 2007 after identifying Fidel Hernandez and several alleged co-conspirators who “purchased over two hundred firearms” and were “believed to be transporting them into Mexico.”

After being informed of several failed attempts at coordinating with Mexican authorities, William Hoover, then ATF’s Assistant Director of Field Operations, temporarily halted operations, writing:

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

In response, Special Agent in Charge Newell wrote to another ATF official, “I’m so frustrated with this whole mess I’m shutting the case down and any further attempts to do something similar.” Nevertheless, ATF operational plans show that additional controlled deliveries were planned for October and November of that year.

In the midst of these operations, Attorney General Michael Mukasey received a briefing paper on November 16, 2007, in preparation for a meeting with the Mexican Attorney General. It stated that “ATF would like to expand the possibility of such joint investigations and controlled deliveries—since only then will it be possible to investigate an entire smuggling network, rather than arresting simply a



single smuggler.” The briefing paper also warned, however, that “the first attempts at this controlled delivery have not been successful.” Ten days later, ATF agents planned another operation in coordination with Mexico, again without success.

Hernandez and his co-conspirators, who had purchased more than 200 firearms, were arrested in Nogales, Arizona on November 27, 2007, while attempting to cross the border into Mexico. They were brought to trial in 2009, but acquitted after prosecutors were unable to obtain the cooperation of the Mexican law enforcement officials who had recovered the firearms.

### **The Medrano Case (2008)**

In 2008, ATF agents in Phoenix began investigating a straw purchasing network led by Alejandro Medrano. Throughout 2008, ATF agents were aware that Medrano and his associates were making illegal firearms purchases from the same gun dealer who cooperated with ATF in Operation Wide Receiver.

An ATF Operational Plan describes an instance on June 17, 2008, in which agents watched Medrano and an associate illegally purchase firearms and load them into a car bound for Mexico. According to the document, “Agents observed both subjects place the firearms in the backseat and trunk,” and then “surveilled the vehicle to Douglas, AZ where it crossed into Mexico.”

Agents from U.S. Immigration and Customs Enforcement (ICE) balked when they learned about these tactics. After an interagency planning meeting in August 2008, the head of ICE’s Arizona office wrote to ATF Special Agent in Charge Newell that, although ICE agents “left that meeting with the understanding that any weapons that were followed to the border would be seized,” ATF agents later informed them that “weapons would be allowed to go into Mexico for further surveillance by LEAs [law enforcement agents] there.”

On December 10, 2008, Federal prosecutors filed a criminal complaint that appears to confirm that ATF agents watched as Medrano and his associates smuggled firearms into Mexico. Describing the incident on June 17, 2008, for example, the complaint asserts that the suspects “both entered into Mexico with at least the six (6) .223 caliber rifles in the vehicle.” Medrano and his associates were sentenced to multi-year prison terms after trafficking more than 100 firearms to a Mexican drug cartel.

### **Operation Fast and Furious (2009-2010)**

In Operation Fast and Furious, ATF agents in Phoenix utilized gunwalking tactics that were similar to previous operations. In October 2009, ATF agents had

identified a sizable network of straw purchasers they believed were trafficking military-grade assault weapons to Mexican drug cartels. By December, they had identified more than 20 suspected straw purchasers who “had purchased in excess of 650 firearms.”

Despite this evidence, the ATF agents and the lead prosecutor in the case believed they did not have probable cause to arrest any of the straw purchasers. As the lead prosecutor wrote: “We have reviewed the available evidence thus far and agree that we do not have any chargeable offenses against any of the players.”

In January 2010, ATF agents and the U.S. Attorney’s Office agreed on a strategy to build a bigger case and to forgo taking down individual members of the straw purchaser network. The lead prosecutor presented this broader approach in a memo that was sent to U.S. Attorney Dennis Burke. The memo noted that “there may be pressure from ATF headquarters to immediately contact identifiable straw purchasers just to see if this develops any indictable cases and to stem the flow of guns.” In the absence of probable cause, however, the U.S. Attorney agreed that they should “[h]old out for bigger.” Over the next six months, agents tried to build a bigger case with wiretaps while making no arrests and few interdictions.

After receiving a briefing on Operation Fast and Furious in March 2010, ATF Deputy Director William Hoover became concerned about the number of firearms involved in the case. Although he told Committee staff that he was not aware of gunwalking, he ordered an “exit strategy” to take down the case and ready it for indictment within 90 days. ATF field agents chafed against this directive, however, and continued to facilitate suspect purchases for months in an effort to salvage the broader goal of the investigation. The case was not indicted until January 2011, ten months after Deputy Director Hoover directed that it be shut down.

### **No evidence that senior officials authorized gunwalking in Fast and Furious**

The documents obtained and interviews conducted by the Committee reflect that Operation Fast and Furious was the latest in a series of fatally flawed operations run by ATF agents in Phoenix and the Arizona U.S. Attorney’s Office. Far from a strategy that was directed and planned by the “highest levels” of the Department of Justice, as some have alleged, the Committee has obtained no evidence that Operation Fast and Furious was conceived or directed by high-level political appointees at Department of Justice headquarters.

ATF’s former Acting Director, Kenneth Melson, and ATF’s Deputy Director, William Hoover, told Committee staff that gunwalking violated agency doctrine, that they did not approve it, and that they were not aware that ATF agents in Phoenix were using the tactic in Operation Fast and Furious. They also stated that,

because they did not know about the use of gunwalking in Operation Fast and Furious, they never raised it up the chain of command to senior Justice Department officials.

Apart from whether Mr. Hoover was aware of specific gunwalking allegations in Operation Fast and Furious, it remains unclear why he failed to inform Acting ATF Director Melson or senior Justice Department officials about his more general concerns about Operation Fast and Furious or his March 2010 directive for an “exit strategy.” During his interview with Committee staff, Mr. Hoover took substantial personal responsibility for ATF’s actions, stating: “I have to take responsibility for the mistakes that we made.”

Former Phoenix U.S. Attorney Dennis Burke told Committee staff that although he received multiple briefings on Operation Fast and Furious, he did not approve gunwalking, was not aware it was being used, and did not inform officials in Washington about its use. He told Committee staff that, at the time he approved the proposal for a broader strategy targeting cartel leaders instead of straw purchasers, he had been informed that there was no probable cause to make any arrests and that he had been under the impression that ATF agents were working closely with Mexican officials to interdict weapons. Given the number of weapons involved in the operation, Mr. Burke stated that he “should have spent more time” focusing on the case. He stated: “it should not have been done the way it was done, and I want to take responsibility for that.”

Gary Grindler, the former Acting Deputy Attorney General, and Lanny Breuer, the Assistant Attorney General for the Criminal Division, both stated that neither ATF nor the U.S. Attorney’s Office ever brought to their attention concerns about gunwalking in Operation Fast and Furious, and that, if they had been told, they “would have stopped it.”

When allegations of gunwalking three years earlier in Operation Wide Receiver were brought to the attention of Mr. Breuer in 2010, he immediately directed his deputy to share their concerns directly with ATF’s leadership. He testified, however, that he regretted not raising these concerns directly with the Attorney General or Deputy Attorney General, stating, “if I had known then what I know now, I, of course, would have told the Deputy and the Attorney General.”

The Committee has obtained no evidence indicating that the Attorney General authorized gunwalking or that he was aware of such allegations before they became public. None of the 22 witnesses interviewed by the Committee claims to have spoken with the Attorney General about the specific tactics employed in Operation Fast and Furious prior to the public controversy.

Testifying before the Senate Judiciary Committee, the Attorney General stated:

This operation was flawed in its concept and flawed in its execution, and unfortunately we will feel the effects for years to come as guns that were lost during this operation continue to show up at crime scenes both here and in Mexico. This should never have happened and it must never happen again.

The strategy of forgoing immediate action in order to build a larger case is common in many law enforcement investigations, and the Committee has obtained no evidence to suggest that ATF agents or prosecutors in Arizona acted with anything but a sincere intent to stem illegal firearms trafficking.

Nevertheless, based on the evidence before the Committee, it is clear that ATF agents in Phoenix and prosecutors in the Arizona U.S. Attorney's Office embarked on a deliberate strategy not to arrest suspected straw purchasers while they attempted to make larger cases against higher-level targets. Although these officials claimed they had no probable cause to arrest any straw purchasers at the time, allowing hundreds of illegally purchased military-grade assault weapons to fall into the hands of violent drug cartels over the course of five years created an obvious and inexcusable threat to public safety on both sides of the border.

## II. METHODOLOGY

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Over the past year, the Committee has conducted an investigation into firearms trafficking investigations run by the Phoenix Field Division of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). This inquiry was originally brought to the Committee's attention by Senator Charles Grassley, the Ranking Member of the Senate Judiciary Committee, who had asked ATF to respond to allegations that agents had knowingly allowed the sale of firearms to suspected straw purchasers during Operation Fast and Furious. The Committee has been joined in its investigation by Majority and Minority staff of the Senate Judiciary Committee.

To date, there have been nine congressional hearings relating to these topics, including three before this Committee. Attorney General Eric Holder has agreed to testify before the Committee on February 2, 2011. He has testified previously on five other occasions regarding these issues, including before the Senate and House Judiciary Committees in November and December 2011, respectively.

Committee staff have interviewed 22 witnesses from the ATF Phoenix Field Division, the U.S. Attorney's Office for the District of Arizona, ATF headquarters, and the Department of Justice. Committee staff have also interviewed multiple Federal firearms dealers. The Department has made numerous officials available for briefings, transcribed interviews, and hearings, including the former Deputy Attorney General, the Assistant Attorney General for the Criminal Division, the Deputy Assistant Attorney General for the Criminal Division, and the U.S. Attorney for the District of Arizona. The Department has also organized briefings during the course of the investigation, including with senior leaders from the Federal Bureau of Investigation (FBI) and Drug Enforcement Agency (DEA).

In March 2011, the Committee sent letters to ATF and the Department of Justice requesting documents and communications. Committee Chairman Darrell Issa subsequently issued subpoenas for these documents in March and October 2011, and he has issued numerous document requests to other agencies, including the FBI and DEA.

The Committee has now obtained more than 12,000 pages of internal emails, reports, briefing papers, and other documents from various Federal agencies, whistleblowers, firearms dealers, and other parties. The Department of Justice has produced approximately 6,000 pages of documents to the Committee, including sensitive law enforcement materials related to the pending prosecution of the defendants in the underlying Fast and Furious case.

The Department has declined to produce some documents, including “reports of investigation” and prosecutorial memoranda in the underlying cases. The Department has stated that providing these particular documents at this time could compromise the prosecution of 20 firearms trafficking defendants scheduled for trial in September. In addition, the Department has not provided documents related to its internal deliberations about responding to this congressional investigation, with the exception of documents and correspondence related to the drafting of the February 4, 2011, letter to Senator Grassley, which the Department formally withdrew on December 2, 2011. The Deputy Attorney General explained this policy in a letter to the Committee:

The Department has a long-held view, shared by Administrations of both political parties, that congressional requests seeking information about the Executive Branch’s deliberations in responding to congressional requests implicate significant confidentiality interests grounded in the separation of powers under the U.S. Constitution.<sup>1</sup>

The letter stated that the Department made an exception to this policy and provided documents relating to the drafting of the February 4 letter because Congress had unique equities in understanding how inaccurate information had been relayed to it.<sup>2</sup>

On November 4, 2011, Ranking Member Elijah Cummings requested a hearing with former Attorney General Michael Mukasey in light of documents obtained by the Committee indicating that the former Attorney General was briefed in 2007 on an unsuccessful coordinated delivery operation, as well as a proposal to expand such operations in the future. Ranking Member Cummings wrote:

Given the significant questions raised by the disclosures in these documents, our Committee’s investigation will not be viewed as credible, even-handed, or complete unless we hear directly from Attorney General Mukasey.<sup>3</sup>

The Committee has not held a hearing with Mr. Mukasey, nor has it conducted an interview with him, depriving the Committee of important information directly relevant to the origin of these operations.

In addition, on October 28, 2011, Ranking Member Cummings requested a public hearing with Kenneth Melson, the former Acting Director of ATF. He wrote:

Since the Attorney General has now agreed to appear before Congress in December, I believe Members also deserve an opportunity to question Mr. Melson directly, especially since he headed the agency responsible for Operation Fast and Furious.<sup>4</sup>

To date, the Committee has declined to hold this hearing.

In June 2011, Ranking Member Cummings issued a report entitled “Outgunned: Law Enforcement Agents Warn Congress They Lack Adequate Tools to Counter Illegal Firearms Trafficking.”<sup>5</sup> He also hosted a Minority Forum of experts regarding the larger problem of firearms trafficking and the lack of law enforcement tools to stem this tide.<sup>6</sup>

# OUTGUNNED

Law Enforcement Agents Warn Congress They Lack Adequate Tools to Counter Illegal Firearms Trafficking



Barrett .50 Caliber Rifle

Minority Staff Report  
Prepared for Ranking Member Elijah E. Cummings  
Committee on Oversight and Government Reform  
June 2011

<http://democrats.oversight.house.gov/>

# III. BACKGROUND

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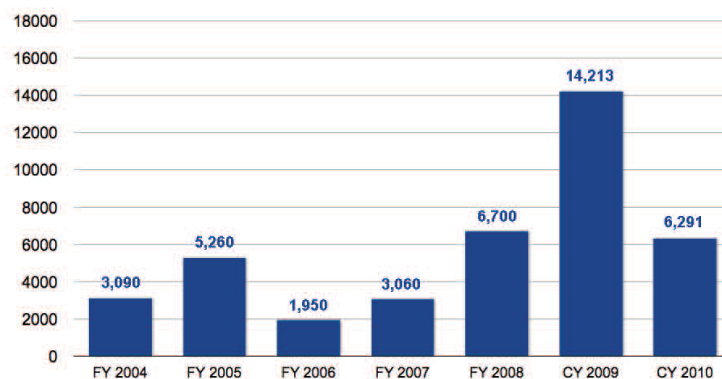
Over the past five years, the Mexican government has been locked in a battle with drug trafficking organizations seeking control of lucrative trafficking routes that carry billions of dollars in narcotics destined for the United States. This battle is fueled in part by the tens of thousands of military-grade weapons that cross the U.S. border into Mexico every year. In particular, law enforcement officials have reported that the “weapons of choice” for international drug cartels are semi-automatic rifles and other assault weapons. These weapons are frequently purchased in the United States because they are generally illegal to purchase or possess in Mexico.<sup>7</sup> According to the latest statistics from the Mexican Attorney General’s office, 47,515 people have been killed in drug-related violence since 2006.<sup>8</sup>

On November 1, 2011, Assistant Attorney General Lanny Breuer testified before the Senate Judiciary Committee that the vast majority of guns recovered in Mexico were imported illegally from the United States:

From my understanding, 94,000 weapons have been recovered in the last five years in Mexico. Those are just the ones recovered, Senator, not the ones that are in Mexico. Of the 94,000 weapons that have been recovered in Mexico, 64,000 of those are traced to the United States.<sup>9</sup>

These statistics are consistent with reports from the Mexican government. In May 2010, Mexican President Felipe Calderon stated before a joint session of

**NUMBER OF FIREARMS SEIZED IN MEXICO AND TRACED BACK TO THE UNITED STATES, 2004 - 2010**



Sources: Halting U.S. Firearms Trafficking to Mexico: A Report by Senators Dianne Feinstein, Charles Schumer and Sheldon Whitehouse to the United States Senate Caucus on International Narcotics Control (June 2011). Government Accountability Office Report, Firearms Trafficking: U.S. Efforts to Combat Arms Trafficking to Mexico Face Planning and Coordination Challenges; and Letter from ATF Acting Director Kenneth Melson to Senator Dianne Feinstein (June 2009). Note: FY= Fiscal Year; CY= Calendar Year.



Congress that, of the 75,000 guns and assault weapons recovered in Mexico over the past three years, more than 80% were traced back to the United States.<sup>10</sup>

ATF is the primary U.S. law enforcement agency charged with combating firearms trafficking from the United States to Mexico. ATF enforces Federal firearms laws and regulates the sale of guns by the firearms industry under the Gun Control Act of 1968.<sup>11</sup> ATF reports to the Attorney General through the Office of the Deputy Attorney General.<sup>12</sup> ATF is organized into 25 Field Divisions led by Special Agents in Charge who are responsible for multiple offices within their jurisdiction.<sup>13</sup> In Phoenix, the Special Agent in Charge is currently responsible for offices in Phoenix, Flagstaff, Tucson, and Yuma, Arizona, as well as Albuquerque, Las Cruces, and Roswell, New Mexico.<sup>14</sup>

The U.S. Attorney for the District of Arizona is the chief Federal law enforcement officer in the State of Arizona. The District of Arizona has approximately 170 Assistant United States Attorneys and approximately 140 support staff members split equally between offices in Phoenix and Tucson.<sup>15</sup> As part of its responsibilities, the U.S Attorney's Office has primary responsibility for prosecuting criminal cases against individuals who violate Federal firearms trafficking laws in its region.<sup>16</sup>

Attorneys from the Department's Criminal Division in Washington, D.C. serve as legal experts on firearms-related issues and assist in prosecuting some firearms trafficking cases.<sup>17</sup> In addition to developing and implementing strategies to attack firearms trafficking networks, Criminal Division attorneys occasionally assist the U.S. Attorneys' offices in prosecuting firearms trafficking cases.<sup>18</sup>

In 2006, ATF implemented a nationwide program called Project Gunrunner to attack the problem of gun trafficking to Mexico.<sup>19</sup> Project Gunrunner is part of the Department's broader Southwest Border Initiative, which seeks to reduce cross-border drug and firearms trafficking and the high level of violence associated with these activities on both sides of the border.<sup>20</sup>

In June 2007, ATF published a strategy document outlining the four key components to Project Gunrunner: the expansion of gun tracing in Mexico, international coordination, domestic activities, and intelligence. In implementing Project Gunrunner, ATF has focused resources on the four Southwest Border States. Additionally, Attorney General Holder has testified that, since his confirmation in 2009, the Department of Justice has made combating firearms trafficking to Mexico a top priority.<sup>21</sup>

In November 2010, the Department of Justice Inspector General issued a report examining the effectiveness of Project Gunrunner in stopping the illicit trafficking of guns from the United States to Mexico. The Inspector General found

that “ATF’s focus remains largely on inspections of gun dealers and investigations of straw purchasers rather than on higher-level traffickers, smugglers, and the ultimate recipients of the trafficked guns.” The report recommended that ATF “[f]ocus on developing more complex conspiracy cases against higher level gun traffickers and gun trafficking conspirators.” The report also found that U.S. Attorneys’ offices often declined Project Gunrunner cases because firearms investigations are often difficult to prosecute and result in lower penalties.<sup>22</sup>

Typical firearms trafficking cases involve a “straw purchase” in which the actual buyer of a firearm uses another person, “the straw purchaser,” to execute the paperwork necessary to purchase the firearm from a gun dealer.<sup>23</sup> The actual buyer typically is someone who is prohibited from buying a firearm and cannot pass the background check or who does not want a paper trail documenting the purchase. Gun trafficking organizations regularly use straw purchasers who deliver firearms to intermediaries before other members of the organizations transfer the guns across the border.<sup>24</sup>

There is no Federal statute specifically prohibiting firearms trafficking or straw purchases. Instead, ATF agents and Federal prosecutors use other criminal statutes, including: (1) 18 USC § 924(a)(1)(A) which prohibits knowingly making a false statement on ATF Form 4473; (2) 18 USC § 922(a)(6) which prohibits knowingly making a false statement in connection with a firearm purchase; (3) 18 USC § 922(g)(1) which prohibits possession of a firearm by a convicted felon; and (4) 18 USC § 922(a)(1)(A) which prohibits engaging in a firearms business without a license.<sup>25</sup>

### CURRENT WEAPONS OF CHOICE



#### Primary Weapons of Choice

Bushmaster XM15 Rifles  
 Romarm Cugir 7.62 x 39mm rifles  
 FN 5.7 x 28mm pistols  
 .50 caliber rifles (Barrett, Beowulf)  
 DPMS .223 rifles  
 Beretta Model 92 pistols  
 Taurus PT 9mm pistols  
 Colt .38 Super pistols

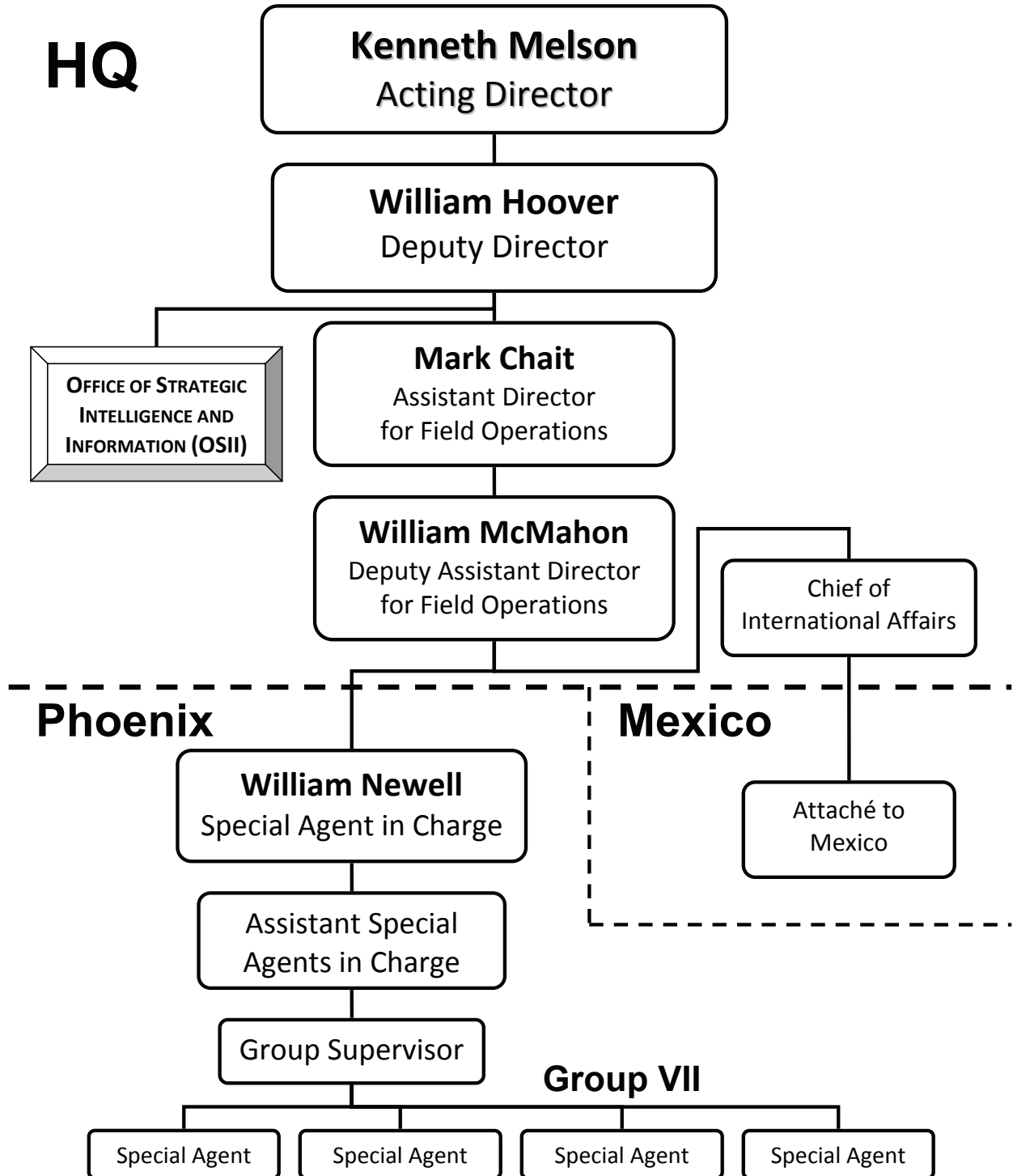
#### Secondary Market Inspection Weapons of Choice

Colt AR15 Sporter & Bushmaster XM15 rifles  
 Romarm 7.62 x 39mm rifles  
 DPMS and Olympic Arms .223 rifles  
 Norinco, Polytech, and Maadii AKS rifles  
 Alexander Arms Beowulf .50 rifles  
 Beretta and Taurus 9mm pistols  
 Colt .38 Super & .45 Pistols

Source: Bureau of Alcohol, Tobacco, Firearms and Explosives, Weapons of Choice Presentation (2008).

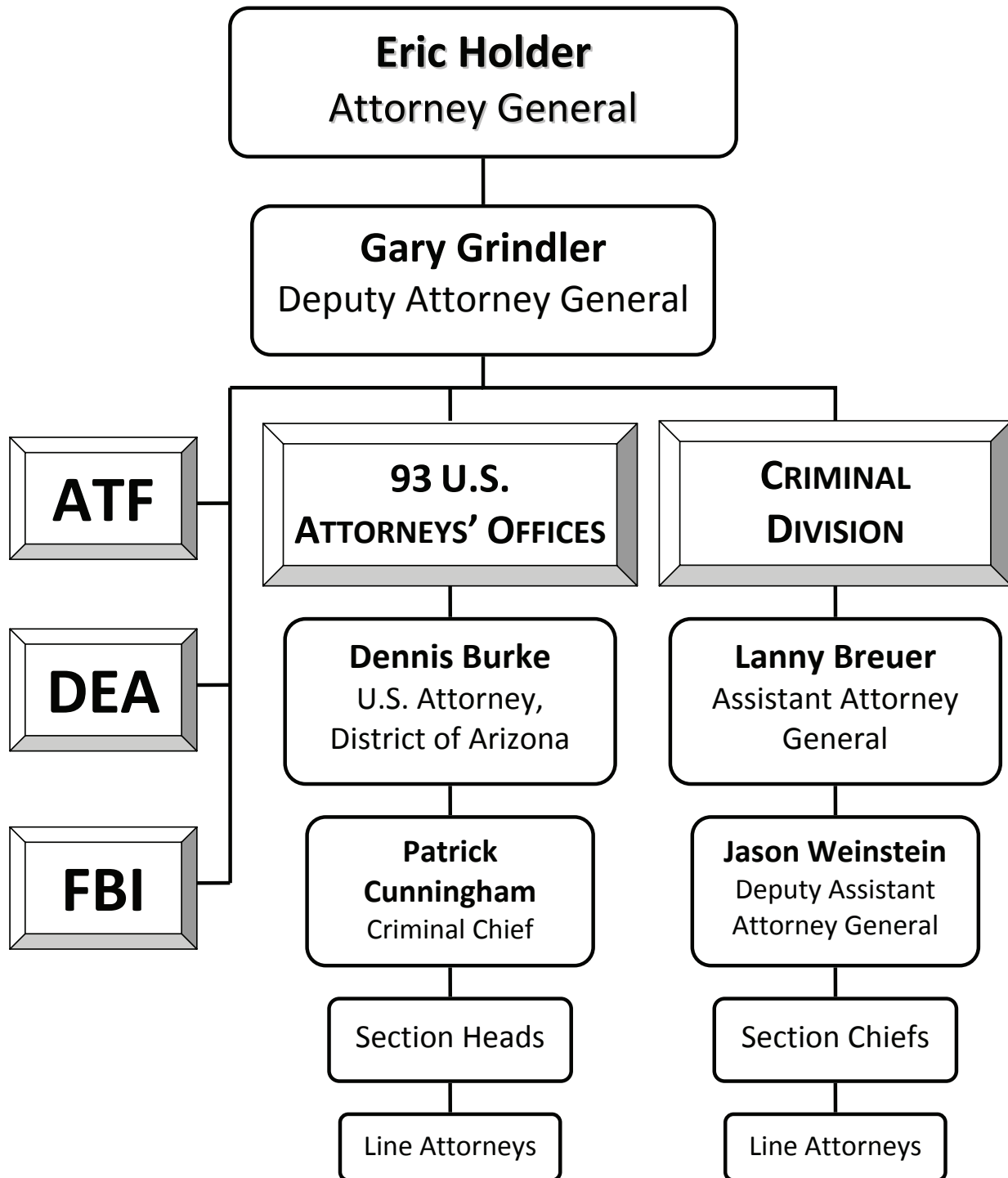
# Key ATF Personnel

*During Operation Fast and Furious (2009-2010)*



# Key DOJ Personnel

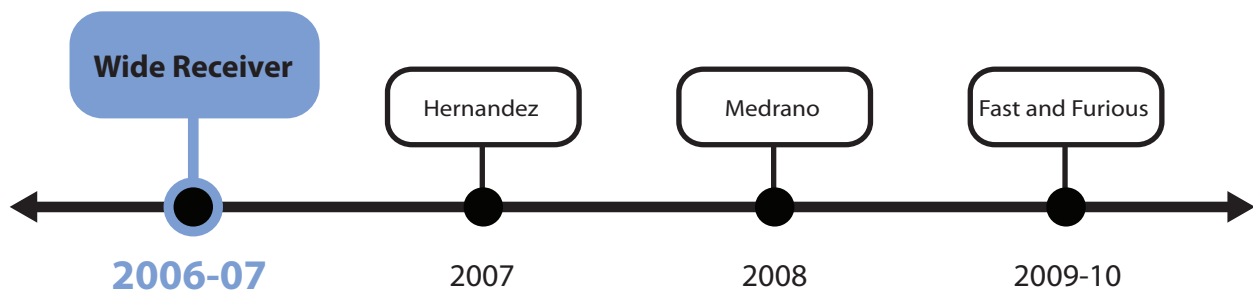
*During Operation Fast and Furious (2009-2010)*



# IV. FINDINGS

## A. ATF PHOENIX FIELD OPERATIONS INVOLVING “GUNWALKING”

Documents obtained by the Committee and transcribed interviews conducted by Committee staff have identified a series of gunwalking operations conducted by ATF’s Phoenix Field Division. Beginning in 2006, each of these investigations involved various incarnations of the same activity: ATF-Phoenix agents were contemporaneously aware of suspected illegal firearms purchases, they did not typically interdict the weapons or arrest the straw purchasers, and those firearms ended up in the hands of criminals on both sides of the border.



### 1. Operation Wide Receiver (2006-07)

Operation Wide Receiver began in early 2006 when ATF agents in Tucson opened an investigation of a suspected straw purchaser after receiving information from a cooperating gun dealer. Documents indicate that agents worked closely with this dealer, including by contemporaneously monitoring firearms sales to known straw purchasers without arrests or interdiction, and that they sought authorization for the expansion of this operation from then-U.S. Attorney for the District of Arizona, Paul Charlton.

The evidence also indicates that, between March 2006 and mid-2007, ATF agents had contemporaneous knowledge of planned sales of firearms to known straw purchasers and repeatedly designed surveillance operations of these illegal firearms purchases without effectuating arrests. According to documents obtained by the Committee, agents avoided interdicting weapons despite having the legal authority to do so in order to build a bigger case. Despite repeated failed attempts to coordinate surveillance with Mexican law enforcement, the ATF agents continued to attempt these operations.

Although the operational phase of the investigation ended in 2007, the case was not prosecuted for more than two years, during which time no arrests were made and the known straw purchasers remained at large. A prosecutor from the Criminal Division of the Department of Justice who was assigned to Operation Wide Receiver in 2009 and reviewed the case file raised concerns that many guns had “walked” to Mexico.

### **ATF-Phoenix monitored gun dealer selling to straw buyers**

In March 2006, ATF-Phoenix agents received a tip from a Federal Firearms Licensee (FFL) in Tucson, Arizona, that a suspected straw purchaser had purchased six AR-15 lower receivers and placed an order for 20 additional lower receivers.<sup>26</sup> The agents opened an investigation of the purchaser because the nature of the transaction suggested a possible connection to illegal firearms trafficking.<sup>27</sup>

Some military-style firearms consist of an upper and lower receiver, with the lower receiver housing the trigger mechanism, and the upper receiver including the barrel of the firearm. According to a memorandum from the U.S. Attorney’s Office, ATF had information that the suspects were obtaining both receivers and assembling them to create illegal firearms.<sup>28</sup> The firearms were illegal because the barrels were 10.5 inches in length, and rifles with barrels shorter than 16 inches must be registered and licensed with ATF.<sup>29</sup>

According to summaries prepared subsequently by a Department of Justice attorney prosecuting the case, “The FFL agreed to work with ATF to target the persons who were interested in purchasing large quantities of lower receivers for AR-15s.” Specifically, “The FFL agreed to consensual recordings both of the purchases and phone calls.”<sup>30</sup> Soon thereafter, ATF-Phoenix briefed prosecutors in the Arizona U.S. Attorney’s Office that several suspicious individuals were purchasing “large quantities of lower receivers” from a Tucson FFL.<sup>31</sup>

In a June 22, 2006, memorandum, the Special Agent in Charge of ATF-Phoenix explained that the three suspects in the case had purchased a total of 126 AR-15 lower receivers. According to the memo, one of the suspected straw purchasers “advised the CS [confidential source] that he takes the firearms to a machine shop at or near Phoenix, AZ and they are converted into machine guns.” The ATF agents also suspected that these firearms were making their way to Mexico and into the hands of a dangerous drug cartel. Specifically, the Special Agent in Charge wrote that, “ATF just recently tracked the vehicle to Tijuana, Mexico,” and one suspected straw purchaser “stated that these straw purchased firearms are going to his boss in Tijuana, Mexico where some are given out as gifts.”<sup>32</sup>

ATF agents learned that the suspected straw purchasers were seeking a new supplier of upper receivers:

The purchasers have asked the FFL to provide the uppers to them as well, indicating that they are not pleased with their current source for the uppers. The FFL has expressed reluctance to the purchasers regarding selling them both the lowers and the 10.5 inch uppers, as that would look very suspicious as if he was actually providing them with an illegal firearm. The purchasers are well aware that it is illegal to place a 10.5 inch upper on the lowers they are purchasing from the FFL. The FFL has indicated that he could try to find another 3rd party source of uppers for the purchasers.<sup>33</sup>

According to legal research provided by ATF counsel to attorneys in the U.S. Attorney's Office, it is illegal to possess both the upper and lower receivers, even if they are not assembled: "The possessor does not have to assemble the lower and the upper so long as the firearm is in actual or constructive possession of the offender, and can be 'readily restored' to fire."<sup>34</sup>

Despite evidence that the suspects illegally possessed both upper and lower receivers, were assembling them, and were transporting them to Mexico, ATF did not arrest the suspects. On March 31, 2006, the Resident Agent in Charge of the Tucson office—a local office that reports to the Special Agent in Charge of the Phoenix Field Division—wrote an email explaining that they had enough evidence to arrest the suspects, but that they were waiting to build a bigger case. He wrote:

We have two AUSA assigned to this matter, and the USAO @ Tucson is prepared to issue Search and Arrest Warrants. We already have enough for the 371 and 922 a6 charges, but we want the Title II manufacturing and distribution pieces also—we want it all.<sup>35</sup>

### **ATF-Phoenix sought U.S. Attorney's approval to walk guns**

The evidence indicates that, rather than arrest the straw buyers, the ATF Phoenix Field Division sought the approval of the U.S. Attorney's Office to let the guns walk in June 2006. The prosecutors handling the case wrote a memorandum to Paul Charlton, U.S. Attorney for the District of Arizona, which outlined the request. They wrote:

ATF is interested in introducing a CI [confidential informant] to act as this source of uppers. This would further the investigation in that it would provide more solid evidence that the purchasers are in fact placing illegal length uppers on the lowers that they are purchasing from the currently-involved FFL. It may also lead to discovery of more information as to the ultimate delivery location of these firearms and/or the actual purchaser.<sup>36</sup>

ATF-Phoenix and the Arizona U.S. Attorney's Office both understood that ATF was already letting firearms walk by working with a cooperating FFL to provide "lower receivers" to straw purchasers trafficking them to Mexico. According to the prosecutors' memorandum to U.S. Attorney Charlton:

[The ATF Agent] pointed out that these same exact firearms are currently being released into the community, the only difference being that at this time ATF is only involved in providing the lower receiver. We know that an illegal upper is being obtained from a third party, but the government is not currently involved in that aspect.<sup>37</sup>

The memo to U.S. Attorney Charlton then relayed ATF-Phoenix's request:

The question was posed by RAC [Resident Agent in Charge] Higman as to the U.S. Attorney's Office's position on the possibility of allowing an indeterminate number of illegal weapons, both components of which (the upper and the lower) were provided to the criminals with ATF's knowledge and/or participation, to be released into the community, and possibly into Mexico, without any further ability by the U.S. Government to control their movement or future use.

The memo further stated that the proposed tactics were controversial and opposed by ATF's legal counsel:

[The ATF agent] indicated that ATF's legal counsel is opposed to this proposed method of furthering the investigation, citing moral objections. Recognizing that it will eventually be this office that will prosecute the individuals ultimately identified by this operation, RAC Higman has requested that we ascertain the U.S. Attorney's Office's position with regard to this proposed method of furthering the investigation.<sup>38</sup>

When the Chief of the Criminal Division in the U.S. Attorney's Office sent the prosecutor's memo to U.S. Attorney Charlton, she accompanied it with an email in which she stated that it "does a very good job outlining the investigation and the potential concerns. This is obviously a call that needs to be made by you Paul."<sup>39</sup> U.S. Attorney Charlton responded the next day: "Thanks—I'm meeting with the ATF SAC [Special Agent in Charge William Newell] on Tuesday and I'll discuss it with him then."<sup>40</sup>

Although the Committee has obtained no document memorializing the subsequent conversation between U.S. Attorney Charlton and the Special Agent in Charge, documents obtained by the Committee indicate that ATF-Phoenix went forward with their plans to observe or facilitate hundreds of firearms purchases by



the suspected straw purchasers without arrests. Committee staff did not conduct a transcribed interview of Mr. Charlton.



United States Attorney's Office  
District of Arizona

Memorandum

**To:** Paul K. Charlton, United States Attorney for the District of Arizona  
**From:** Jennifer J. Maldonado, Assistant U.S. Attorney  
David P. Petermann, Assistant U.S. Attorney  
**Subject:** Operation Wide Receiver, Policy Question  
**Date:** July 13, 2006

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

### **ATF-Phoenix continued to walk guns after consulting with U.S. Attorney**

In October 2006, ATF agents planned a surveillance operation to observe a suspect purchase AR-15 lower receivers and two AR-15 rifles, determine if the suspect was going to make additional purchases, and identify any of his associates.<sup>41</sup> The Operational Plan noted:

It is suspected that [the suspect] will now be moving the firearms to Tijuana himself. We are not prepared to make any arrests at this time because we are still attempting to coordinate our efforts with AFI [Agencia Federal de Investigación] in Mexico. ... If it is determined that [the suspect] has spotted the surveillance unit, surveillance will be stopped immediately.<sup>42</sup>

Documents indicate that ATF agents observed the suspect purchase five AR-15 lower receivers and terminated surveillance after three hours.<sup>43</sup> Notes taken after the investigation explained that the surveillance included audio recordings of the suspect stating that he "is now personally transporting the firearms to Tijuana, Mexico himself."<sup>44</sup>

On December 5, 2006, Special Agent in Charge Newell wrote that another key suspect in the Wide Receiver investigation had recently "purchased a total of ten (10)

AR-15 type lower receivers on two separate purchases.”<sup>45</sup> He also wrote that, during those transactions, the suspect told the confidential source that he was taking the firearms to Mexico and would soon be ordering an additional 50 lower receivers.<sup>46</sup> Special Agent in Charge Newell wrote that the Tucson field office was planning to secure the cooperation of Mexican authorities:

The Tucson II Field Office has maintained contact with the ATF Mexico City Country Office in an effort to secure the cooperation and join investigation with the Agencia Federal de Investigación (Mexico). Three Tucson II Field Office SA have obtained official U.S. Government passports in anticipation of a coordination meeting with the AFT early during calendar year 2007.<sup>47</sup>

On February 23, 2007, ATF agents planned to conduct a traffic stop of one suspected straw purchaser “with the assistance of the Tucson Police Department.”<sup>48</sup> Although the Operational Plan indicated that “[p]robable cause exists to arrest [the suspect],” the agents’ goal was to lawfully detain him at the traffic stop and bring him to the ATF office for questioning.<sup>49</sup> According to a memorandum from Special Agent in Charge Newell, between February 7 and April 23, 2007, the suspect and co-conspirators together purchased and ordered 150 firearms, including AK-47 and AR-15 rifles and pistols.<sup>50</sup> Although ATF apparently had probable cause for arrest, on February 27, 2007, the subject was interviewed by ATF agents and released.<sup>51</sup> The documents do not indicate why he was not arrested and prosecuted at that time.

### **ATF agents unsuccessfully attempted to coordinate with Mexico**

The documents indicate that, although ATF had sufficient evidence to arrest the suspected straw purchasers, the agents continued to press forward with plans to attempt coordinated surveillance operations with Mexico. In April 2007, the ATF agents in charge of Operation Wide Receiver were unsure whether they could successfully coordinate surveillance with their Mexican counterparts. On April 10, 2007, the case agent for Wide Receiver wrote to a Tucson Police Department (TPD) officer:

Assuming that the MCO [ATF’s Mexico Country Office] can coordinate with the Mexican authorities, we anticipate that Tucson VCIT will hand off his surveillance operation at the U.S. / Mexican border. No ATF SA or local officers working at our direction will travel into Mexico. Through MCO we have requested that the Mexican authorities pick up the surveillance at the border and work to identify persons, telephone numbers, “stash” locations and source(s) of money supply in furtherance of this conspiracy.<sup>52</sup>

According to an ATF Operational Plan, just one day later, ATF agents and Tucson Police officers conducted surveillance and recorded the “planned arrival of [the suspect] and other persons at the FFL.”<sup>53</sup> The Operational Plan stated that U.S. law enforcement would watch the “firearms cross international lines and enter Mexico. ... If the Mexican authorities decline or fail to participate in this operation the firearms traffickers will be arrested prior to leaving the United States.”<sup>54</sup> Although the agents obtained an electronic record of the sale and initiated surveillance, the plan failed according to a summary prepared by one agent:

ATF agents in conjunction with TPD VCIT Task Force Officers conducted a surveillance of suspected firearms traffickers in furtherance of this investigation. Suspects purchased 20+ firearms which totaled over \$35,000.00 in retail cost. The surveillance successfully obtained electronic evidence of the transaction, further identified the traffickers and additional suspect vehicles. The traffickers were followed to a neighborhood on the Southside of Tucson and then later lost. The suspects are planning on making a purchase of 20-50 M4 rifles and are negotiating this next deal. The investigation continues.<sup>55</sup>

Despite the surveillance of the straw purchase and other evidence collected during the April 11, 2007, operation, the suspects were not arrested even after they were later located. Instead, more operations were planned.

An April 23, 2007, memo from Special Agent in Charge Newell to the Chief of Special Operations requesting additional funding for Operation Wide Receiver documented the failure to coordinate surveillance with Mexican law enforcement and public safety risks associated with continuing on that course:

To date, the Tucson II Field Office and TPD SID have been unable to surveil the firearms to the International border. From contact with those offices, the Mexican Federal law enforcement authorities understand that the surveillance is difficult and that several firearms will likely make it to Mexico prior to a U.S. law enforcement successful surveillance of firearms to the international border.<sup>56</sup>

Two weeks later, on May 7, 2007, ATF agents and Tucson Police conducted surveillance of another “planned arrival” of a suspected straw purchaser and his associates at an FFL.<sup>57</sup> The Operational Plan shows that ATF agents had advance notice that the suspect had contacted the FFL to arrange the purchase of more than 20 firearms, planned to purchase the firearms from the FFL later in the day, and had made arrangements for a vehicle to transport the weapons into Mexico that night.<sup>58</sup> The Operational Plan indicated that “[i]f the Mexican authorities decline or fail to participate, the firearms traffickers will be arrested prior to leaving the

United States.”<sup>59</sup> ATF agents contacted Mexican law enforcement in advance of the operation and they agreed to assist with surveillance of the suspects if they entered Mexico.<sup>60</sup> According to a subsequent summary of these events:

[The suspects] were scheduled to purchase the ordered firearms. [Redacted] cancelled at the last minute, but [the suspect] purchased 15 firearms and was surveilled to his residence at [redacted]. Surveillance was discontinued the following day due to neighbors becoming suspicious of surveillance vehicles.”<sup>61</sup>

The suspects were not arrested, the firearms were not interdicted, and the investigation continued in anticipation of the suspects’ next major purchase.

### **ATF agents expressed concern about gunwalking**

Agents in ATF’s Phoenix Field Division began to express concern that Operation Wide Receiver was not yielding the desired results. In a June 7, 2007, email, one special agent on the case wrote to his supervisor:

We have invested a large amount of resources in trying to get the load car followed to Mexico and turning it over to PGR [Mexican federal prosecutors] and are preparing to expend even more. We already have numerous charges up here and actually taking in to Mexico doesn’t add to our case specifically at that point. We want the money people in Mexico that are orchestrating this operation for indictment but obviously we may never actually get our hands on them for trial, so the real beneficiary is to PGR.<sup>62</sup>

Despite the agent’s concerns, Operation Wide Receiver remained on the same course with another “planned arrival” attempted on June 26, 2007.<sup>63</sup> The Operational Plan indicated that ATF agents had advance notice that the suspect had been in contact with the FFL, that the suspect was “extremely anxious” to purchase more firearms, and that firearms are to be purchased and then continue to “unknown locations throughout Tucson and Southern Arizona.”<sup>64</sup> Documents show that ATF agents and Tucson police were unable to follow the firearms to the Mexican border.<sup>65</sup>

In an email sent on June 26, 2007, as the surveillance operation was set to begin, the ATF case agent for Operation Wide Receiver expressed reluctance about the repeated failures to coordinate surveillance of firearms traffickers with Mexican law enforcement.<sup>66</sup> He wrote to a prosecutor at the Texas U.S. Attorney’s Office:

We anticipate surveillance this evening where the subject(s) of interest are scheduled to purchase approx. \$20K of associated firearms for

further shipment to Caborca, Mx, and we are coordinating with the Mexican authorities in the event that the surveillance is successful. We have reached that stage where I am no longer comfortable allowing additional firearms to 'walk,' without a more defined purpose.<sup>67</sup>

### **Criminal Division took over prosecution and found gunwalking**

In late 2007, the operational phase of Operation Wide Receiver was terminated, and the case was passed to the U.S. Attorney's Office for prosecution. The case then sat idle for nearly two years without indictments or arrests. The first prosecutor assigned to the case became a magistrate judge, and the second prosecutor did not open the case file for more than six months.<sup>68</sup>

In 2009, the Department of Justice's Criminal Division in Washington, D.C. offered to assign prosecutors to support firearms trafficking cases in any of the five border-U.S. Attorneys' offices.<sup>69</sup> The U.S. Attorney's Office in Arizona accepted the offer and asked for assistance with the prosecution of targets in Operation Wide Receiver.<sup>70</sup> In September 2009, the Criminal Division assigned an experienced prosecutor to take over the case.<sup>71</sup>

After reviewing the investigative files from 2006 and 2007, the Criminal Division prosecutor quickly realized that there were serious questions about how the case had been handled. On September 23, 2009, she wrote an email to her supervisors giving a synopsis of the case and its problems: "In short it appears that the biggest problem with the case is its [sic] old should have been taken down last year AND a lot of guns seem to have gone to Mexico."<sup>72</sup>

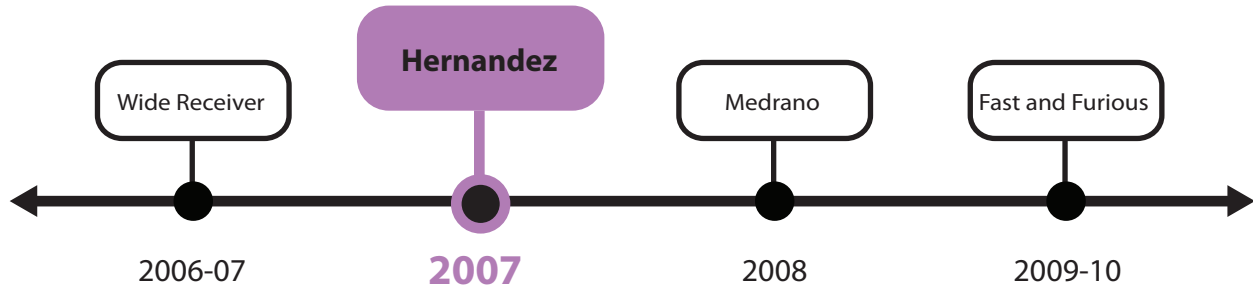
As she prepared the case for indictment, she continued to update her supervisors as new details emerged from the case file. On March 16, 2010, she sent an email to her supervisor:

It is my understanding that a lot of those guns "walked." Whether some or all of that was intentional is not known. The AUSA seemed to think ATF screwed up by not having a mechanism in place to seize weapons once they crossed the border.<sup>73</sup>

The prosecutor also found evidence that guns involved in Operation Wide Receiver were connected to crime scenes in Mexico. She wrote that "13 of the purchased firearms have been recovered in Mexico in connection with crime scenes, including the April 2008 Tijuana gun battle" and that "[t]wo potential defendants were recently murdered in Mexico."<sup>74</sup>

The Criminal Division proceeded with prosecutions relating to the investigation. In May 2010, one suspect pleaded guilty to forfeiture charges pre-

indictment while two additional co-conspirators were indicted in federal court.<sup>75</sup> On October 27, 2010, seven additional suspects were indicted in the District of Arizona on gun-trafficking related charges.<sup>76</sup>



## 2. The Hernandez Case (2007)

According to documents obtained by the Committee, agents in the ATF Phoenix Field Division unsuccessfully attempted a second operation in the summer of 2007 after identifying Fidel Hernandez and several alleged co-conspirators as suspected straw purchasers seeking to smuggle firearms into Mexico. Despite failed attempts to coordinate with Mexican authorities, ATF agents sought approval from the U.S. Attorney’s Office to expand so-called “controlled deliveries.” In addition, documents obtained by the Committee indicate that then-Attorney General Michael Mukasey was personally briefed on these failed attempts and was asked to approve an expansion of these tactics. During the course of the investigation, Hernandez and his co-conspirators reportedly purchased more than 200 firearms.

### **ATF-Phoenix watched guns cross border without interdiction**

According to their Operational Plan, ATF-Phoenix Field Division agents initiated a firearms trafficking investigation in July 2007 against Fidel Hernandez and his associates who, between July and October 2007, “purchased over two hundred firearms” and were “believed to be transporting them into Mexico.”<sup>77</sup> ATF analysts discovered that “Hernandez and vehicles registered to him had recently crossed the border (from Mexico into the U.S.) on 23 occasions” and that “four of their firearms were recovered in Sonora, Mexico.”<sup>78</sup>

According to contemporaneous ATF documents, ATF-Phoenix unsuccessfully attempted a cross-border operation in September 2007 in coordination with Mexican law enforcement authorities:

On September 26 and 27, 2007, Phoenix ATF agents conducted nonstop surveillance on Hernandez and another associate, Carlos Morales. ATF had information that these subjects were in possession

of approximately 19 firearms (including assault rifles and pistols) and were planning a firearm smuggling trip into Mexico. The surveillance operation was coordinated with Tucson I Field Office and the ATF Mexico Country Attaché. The plan, agreed to by all parties and authorized by the Phoenix SAC, was to follow these subjects to the border crossing in Nogales, Arizona while being in constant communication with an ATF MCO [Mexico Country Office] agent who would be in constant contact with a Mexican law enforcement counterpart at the port of entry and authorized to make a stop of the suspects' vehicle as it entered into Mexico.

On September 27, 2007, at approximately 10:00 pm, while the Phoenix agents, an MCO agent and Mexican counterparts were simultaneously on the phone, the suspects' vehicle crossed into Mexico. ATF agents observed the vehicle commit to the border and reach the Mexican side until it could no longer be seen. The ATF MCO did not get a response from the Mexican authorities until 20 minutes later when they informed the MCO that they did not see the vehicle cross.<sup>79</sup>

### **ATF headquarters raised concerns about operational safeguards**

Failed attempts to coordinate with Mexican authorities to capture suspected firearms traffickers as part of controlled deliveries raised serious concerns at ATF headquarters. On September 28, 2007, the day after the failed attempt, Carson Carroll, ATF's then-Assistant Director for Enforcement Programs, notified William Hoover, ATF's then-Assistant Director of Field Operations, that they had failed in their coordination. Mr. Carroll stated that when the suspected firearms traffickers were observed purchasing a number of firearms from an FFL in Phoenix, Arizona, ATF officials "immediately contacted and notified the GOM [Government of Mexico] for a possible controlled delivery of these weapons southbound to the Nogales, AZ., US/Mexico Border."<sup>80</sup> Mr. Carroll continued:

ATF agents observed this vehicle commit to the border and reach the Mexican side until it could no longer be seen. We, the ATF MCO did not get a response from the Mexican side until 20 minutes later, who then informed us that they did not see the vehicle cross.<sup>81</sup>

According to internal ATF documents, ATF agents attempted a second cross-border controlled delivery with Mexican authorities on October 4, 2007. That operation also failed to lead to the successful capture of the subject in Mexico.<sup>82</sup>

That same day, Assistant Director Hoover sent an email to Assistant Director Carroll and ATF-Phoenix Field Division Special Agent in Charge William Newell demanding a call to discuss the investigation:

Have we discussed the strategy with the US Attorney's Office re letting the guns walk? Do we have this approval in writing? Have we discussed and thought thru the consequences of same? Are we tracking south of the border? Same re US Attorney's Office. Did we find out why they missed the handoff of the vehicle? What are our expected outcomes? What is the timeline?<sup>83</sup>

The next day, Assistant Director Hoover wrote Mr. Carroll again:

I do not want any firearms to go South until further notice. I expect a full briefing paper on my desk Tuesday morning from SAC Newell with every question answered. I will not allow this case to go forward until we have written documentation from the U.S. Attorney's Office re full and complete buy in. I do not want anyone briefed on this case until I approve the information. This includes anyone in Mexico.<sup>84</sup>

Mr. Hoover's concerns seem to have temporarily halted controlled delivery operations in the Hernandez investigation. On October 6, 2007, Special Agent in Charge Newell wrote to Assistant Director Carroll:

I'm so frustrated with this whole mess I'm shutting the case down and any further attempts to do something similar. We're done trying to pursue new and innovative initiatives—it's not worth the hassle.<sup>85</sup>

Nevertheless, Mr. Newell insisted that he did have approval from the U.S. Attorney's Office. He wrote:

We DO have them [the U.S. Attorney's Office] on board and as a matter of fact they (Chief of Criminal John Tocchi) recently agreed to charge the firearms recipients in Mexico (if we could fully [ID] them via a controlled delivery) with a conspiracy charge in US court.<sup>86</sup>

Despite the concerns expressed by Assistant Director Hoover, ATF operational plans show that additional controlled deliveries were planned for October 18, November 1, and November 26-27, 2007.<sup>87</sup> The documents describe ATF plans to observe the purchases at the FFL, follow the suspects "from the FFL in Phoenix, AZ to the Mexican port of entry in Nogales, Arizona," allow the suspects to "cross into Mexico," and allow "Mexican authorities to coordinate the arrest of the subjects."<sup>88</sup>

### **Attorney General Mukasey briefed and asked to "expand" operations**

In the midst of these ongoing operations, on November 16, 2007, Attorney General Michael Mukasey received a memorandum in preparation for a meeting



with Mexican Attorney General Medina Mora. The memo described the Hernandez case as “the first ever attempt to have a controlled delivery of weapons being smuggled into Mexico by a major arms trafficker.”<sup>89</sup> The briefing paper warned the Attorney General that “the first attempts at this controlled delivery have not been successful.”<sup>90</sup> Despite these failures, the memorandum sought to expand such operations in the future:

ATF would like to expand the possibility of such joint investigations and controlled deliveries—since only then will it be possible to investigate an entire smuggling network, rather than arresting simply a single smuggler.<sup>91</sup>

This briefing paper was prepared by senior officials at ATF and the Department of Justice only weeks after Assistant Director Hoover had expressed serious concerns with the failure of these tactics.<sup>92</sup>

The emails exchanging drafts of the Attorney General’s briefing paper also make clear that ATF officials understood that these were not, in fact, the first operations that allowed guns to “walk.” Assistant Director Carroll wrote to Assistant Director Hoover: “I am going to ask DOJ to change ‘first ever’... there have [been] cases in the past where we have walked guns.”<sup>93</sup> That change never made it into the final briefing paper for Attorney General Mukasey.

Ten days after Attorney General Mukasey was notified about the failed surveillance operations and was asked to expand the use of the cross-border gun operations, ATF agents planned another surveillance operation in coordination with Mexico. The Operational Plan stated:

- 1) Surveillance units will observe [redacted] where they will attempt to confirm the purchase and transfer of firearms by known targets.
- 2) Once the transfer of firearms is confirmed through surveillance, units will then follow the vehicle and its occupants from the FFL in Phoenix, AZ to the Mexican port of entry in Nogales, Arizona. Once the subjects cross into Mexico, ATF attachés will liaison with Mexican authorities to coordinate the arrest of the subjects.
- 3) ATF agents will not be involved with the arrest of the subjects in Mexico but will be present to coordinate the arrest efforts between surveillance units and Mexican authorities as well as to conduct post-arrest interviews.<sup>94</sup>

As part of this operation, surveillance units were monitoring the FFL during normal business hours in order to observe large firearms transfers by their known targets.<sup>95</sup>

The Committee has not received any documents indicating that ATF-Phoenix agents were able to successfully coordinate with Mexican law enforcement to interdict firearms in the Hernandez case. During the course of the investigation, Hernandez and his co-conspirators purchased more than 200 firearms. In multiple instances, ATF agents witnessed Hernandez and his associates take these weapons into Mexico.<sup>96</sup>

Hernandez and his associate were arrested in Nogales, Arizona on November 27, 2007, while attempting to cross the border into Mexico.<sup>97</sup> The defendants were charged with Conspiracy to Export Firearms, Exporting Firearms, and two counts of Attempted Exportation of Firearms. The defendants were brought to trial in 2009, but acquitted after prosecutors were unable to obtain the cooperation of the Mexican law enforcement officials who had recovered firearms purchased by Hernandez. An ATF briefing paper from 2009 summarized the result:

The judge also would not allow us to introduce evidence of how the guns were found in Mexico unless we could produce the Mexican Police Officials who located the guns. We were unable to obtain the cooperation of Mexican law enforcement to identify and bring these witnesses to trial to testify.<sup>98</sup>

At the conclusion of the trial, the jury was unable to reach a verdict on three counts of the indictment, and the defendants were acquitted on a fourth charge.<sup>99</sup>

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**CRIMINAL COMPLAINT**

**United States District Court** DISTRICT OF ARIZONA

United States of America  
v.  
Carlos Valentin Morales-Valenzuela  
DOB: xxx/xx/1984; Mexican citizen  
Fidel Jesus Hernandez  
DOB: xxx/xx/1973; U.S. citizen.

NOV 27 2007  
MAGISTRATE'S CASE NO. 07-06964M  
CLERK U.S. DISTRICT COURT DISTRICT OF ARIZONA

Complaint for violation of Title 18 United States Code § 371

**COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE OR VIOLATION:**  
Beginning at a time unknown, to on or about November 27, 2007, at or near the District of Arizona, defendants, **Carlos Valentin Morales-Valenzuela and Fidel Jesus Hernandez**, did knowingly and intentionally combine, conspire, confederate, and agree to willfully export and cause to be exported from the United States to Mexico defense articles, that is, three Colt Custom government .38 caliber Super handguns, serial numbers ELCEN4720, ELCEN4742 and ELCEN4719; one Colt Custom .38 caliber Super handgun, serial number ELCEN4718, three Colt .38 caliber Super handguns, Model Commander, serial numbers CU04703E, CU04765E and CU4769E, and two FNH 5.7x20 FN Herxal handguns, serial numbers 366146882 and 386127849, which were designated as defense articles on the United States Munitions List, without having first obtained from the Department of State a license for such export or written authorization for such export, in violation of Title 22, United States Code, Sections 2778(b)(2) and (c), and Title 22, Code of Federal Regulations, Sections 121.1, 121.4, 123.1, 127.1(a), 127.1(c), and 127.3.

All in violation of Title 18, United States Code Section 371.

**BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED:**  
On or about November 23, 2007, CARLOS VALENTIN MORALES-VALENZUELA AND FIDEL JESUS HERNANDEZ, purchased two firearms, to-wit: two Colt custom govt. .38 Supers, from a federally licensed dealer in Phoenix, Arizona. On or about November 26, 2007, MORALES-VALENZUELA and HERNANDEZ placed nine firearms, including the two Colt custom govt. .38 Supers, in duffel bags and put them in a Ford Expedition in Phoenix, Arizona, for illegal exportation to Mexico through the Mariposa Port of Entry in Nogales, Arizona. On or about November 26, 2007, MORALES-VALENZUELA and HERNANDEZ traveled from Phoenix, Arizona, to Nogales, Arizona, for the purpose of illegally exporting nine (9) firearms to Mexico. MORALES-VALENZUELA was initially driving a Volkswagen Jetta and HERNANDEZ was driving the Ford Expedition containing the nine (9) firearms. Near Nogales, they switched vehicles, and placed the firearms in the Volkswagen Jetta. On November 26, 2007, MORALES-VALENZUELA approached the Mariposa Port of Entry in Nogales, Arizona and attempted to enter the Republic of Mexico. Upon entering the port of entry, MORALES-VALENZUELA was stopped by officials from Customs and Border Protection. Upon seeing this, HERNANDEZ quickly made a U-turn in the Volkswagen Jetta and drove away from the port of entry.

(Continued on reverse)

**MATERIAL WITNESSES IN RELATION TO THE CHARGE:**

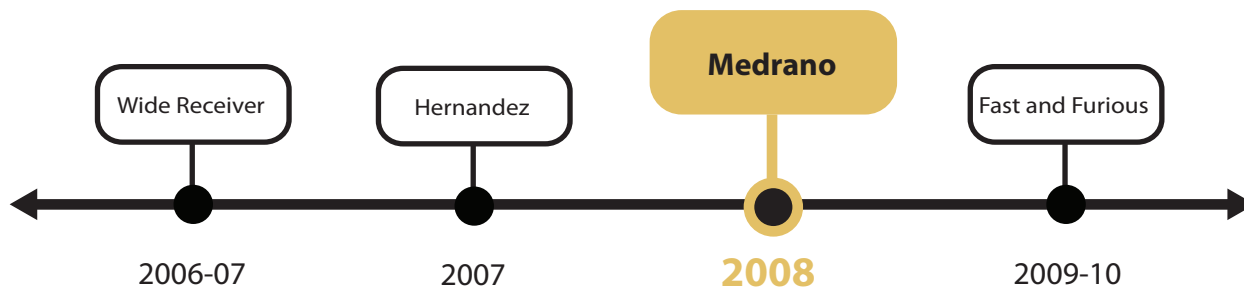
Recommend Detention; Request Bench Warrant for HERNANDEZ

Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.  
Shelley Clemens/kc  
AUTHORIZED BY: AUSA [Signature]

Sworn to before me and subscribed in my presence.

SIGNATURE OF MAGISTRATE JUDGE [Signature]  
DATE November 27, 2007

SIGNATURE OF COMPLAINANT (optional only)  
Hope Hernandez  
OFFICIAL TITLE  
Special Agent, ATF



### 3. The Medrano Case (2008)

In February 2008, ATF agents in Phoenix began investigating a straw purchasing network led by Alejandro Medrano. Documents obtained by the Committee indicate that on multiple occasions throughout 2008, ATF agents were aware that Medrano and his associates were making illegal firearms purchases and trafficking the weapons into Mexico. According to documents obtained by the Committee, ATF-Phoenix did not arrest suspects for approximately one year while their activities continued, instead choosing to continue surveillance. During the summer of 2008, agents from U.S. Immigration and Customs Enforcement (ICE) raised concerns about the tactics being used, but the tactics continued for several more months. On December 10, 2008, a criminal complaint was filed against Medrano and his associates in the United States District Court for the District of Arizona, and the targets were later sentenced to varying prison sentences.

#### **ATF agents watched as firearms crossed the border**

An ATF-Phoenix Operational Plan obtained by the Committee describes an instance on June 17, 2008, in which ATF agents watched Medrano and an associate, Hernan Ramos, illegally purchase firearms at an FFL in Arizona, load them in their car, and smuggle them into Mexico:

Agents observed both subjects place the firearms in the backseat and trunk [of a vehicle]. Agents and officers surveilled the vehicle to Douglas, AZ where it crossed into Mexico at the Douglas Port of Entry (POE) before a stop could be coordinated with CBP [Customs and Border Protection].<sup>100</sup>

Neither Medrano nor Ramos was arrested or detained at the time or in the months after. The Operational Plan does not include any indication that ATF agents attempted to coordinate with Mexican law enforcement. The fact that the suspects continued to make firearms purchases in the United States and take them to Mexico suggests that they were not intercepted by Mexican law enforcement.

In the two months following these surveillance operations, Medrano and his co-conspirators purchased several additional firearms at gun shows and from FFLs in the Phoenix area.<sup>101</sup> The suspects also continued to travel back and forth to Mexico.<sup>102</sup> The ATF Operational Plan also stated:

The group particularly targeted gun shows where several members purchased firearms from various FFL'S. According to TECS [the Treasury Enforcement Communications System, a government database used to track individuals' travel patterns], identified subjects routinely crossed into Mexico prior to and following a large number of firearms purchases. While only purchasing a small number of firearms, MEDRANO crossed into Mexico utilizing several vehicles that were not registered to him or his immediate family. MEDRANO routinely returned to the US on foot while other identified subjects drove a vehicle into the US. It is believed that identified subjects entering the US on foot were carrying bulk cash to pay for future firearms.<sup>103</sup>

According to the Operational Plan, multiple firearms connected to the network were recovered in Mexico, some very soon after they were sold:

Hernan RAMOS purchased a 7.62 caliber rifle in February 2008 that was recovered in June 2008. Jose ARIZMENDIZ purchased two pistols that were recovered at the same location in Mexico. One of the pistols had a time to crime of fifteen (15) days.<sup>104</sup>

### **ICE agents raised concerns**

Documents obtained by the Committee indicate that in the summer of 2008, ATF agents handling the Medrano investigation met with ICE agents to coordinate surveillance of another cross-border smuggling attempt. At this meeting, ICE agents balked when they learned about the tactics being employed by ATF-Phoenix. On August 12, 2008, the head of ICE's offices in Arizona wrote to ATF Special Agent in Charge Newell asking for an in-person meeting about the dispute among agents over ATF operational plans to allow straw purchased guns to cross the border:

One of [the ICE] groups worked with your guys over the weekend on a surveillance operation at a Tucson gun show. While we had both met in advance with the USAO, our agents left that meeting with the understanding that any weapons that were followed to the border would be seized. On Friday night, however, our agents got an op plan that stated that weapons would be allowed to go into Mexico for further surveillance by LEAs [law enforcement agents] there.<sup>105</sup>

In his response, Mr. Newell acknowledged that letting guns cross the border was part of ATF's plan, but stated that he needed more information about what had happened:

I need to get some clarification from my folks tomorrow because I was told that your folks were aware of the plan to allow the guns to cross, in close cooperation with both our offices in Mexico as well as Mexican Feds.<sup>106</sup>

Although the subsequent correspondence does not explain how this dispute was resolved, the Medrano trafficking network reportedly supplied over 100 assault rifles and other weapons "to a member of the Sinaloan drug cartel known as 'Rambo.'"<sup>107</sup>

### Criminal complaint also confirms "gunwalking"

On December 10, 2008, Federal prosecutors filed a complaint in the United States District Court for the District of Arizona that describes in detail gun trafficking activities conducted by Medrano and his associates that involved more than 100 firearms over the course of the year. The complaint confirms that ATF agents watched as Medrano and his associates trafficked illegal firearms into Mexico. For example, the complaint discusses the incident on June 17, 2008, discussed above, in which ATF agents observed the suspects purchase weapons, load them in their car, and drive them to Mexico. The complaint states:

On or about June 17, 2008, at or near Tucson, Arizona, Alejandro Medrano and Hernan Ramos went together to Mad Dawg Global, a federally licensed firearms dealer, where Hernan Ramos purchased six (6) .223 caliber rifles for approximately \$4800.00 and falsely represented on the 4473 that he was the actual purchaser. Both Alejandro Medrano and Hernan Ramos placed the six (6) rifles in the back seat of their vehicle.<sup>108</sup>

The complaint then explains that the suspects drove these firearms across the border. It states:

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BY

**SEALED**

08-01853M

UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

1 DIANE J. HUMETEWA  
2 United States Attorney  
3 District of Arizona  
4 JOELYN D. MARLOWE  
5 Assistant United States Attorney  
6 Arizona State Bar No. 009206  
7 405 West Congress Street, Suite 4800  
8 Tucson, Arizona 85701-5040  
9 Telephone: (520) 620-7300  
10 joelyn.marlowe@usdoj.gov  
11 Attorneys for Plaintiff

12 United States of America,  
13 Plaintiff,  
14 v.  
15 Aldo Arizmendiz,  
16 Joel Arizmendiz,  
17 Jose Arizmendiz,  
18 Fernando Lopez,  
19 Juan Carlos Medina Duarte,  
20 Alejandro Medrano,  
21 Jesus Medrano,  
22 Michael Moreno,  
23 Hernan Ramos,  
24 Seth Rutledge,  
25 Defendants.

COMPLAINT

Violations:  
18 U.S.C. § 371  
18 U.S.C. § 922(a)(6)  
18 U.S.C. § 924(a)(2)  
(Conspiracy to Defraud: False Statement During Purchase of a Firearm)

COUNT 1

1. From a time unknown including on or about May 6, 2006, and continuing through on or about September 13, 2008, in the District of Arizona, and elsewhere, Aldo Arizmendiz, Joel Arizmendiz, Jose Arizmendiz, Fernando Lopez, Juan Carlos Medina Duarte, Alejandro Medrano, Jesus Medrano, Michael Moreno, Hernan Ramos, Seth Rutledge, named herein as defendants and co-conspirators, did willfully, knowingly, and unlawfully combine, conspire, confederate and agree together and with others known and unknown, to

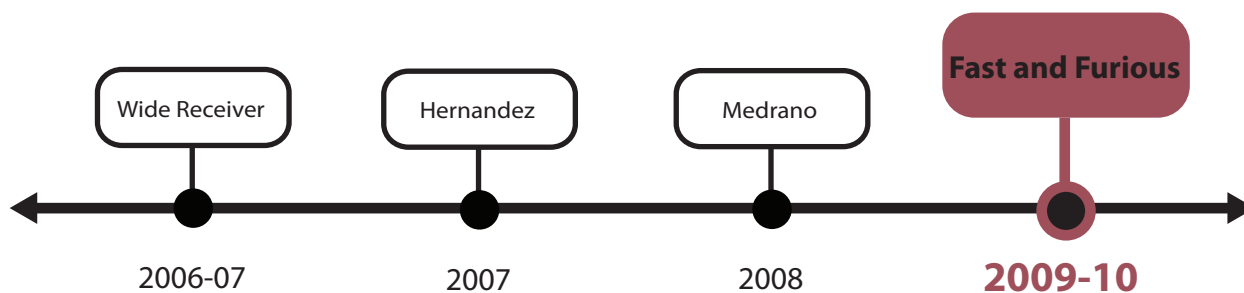
Alejandro Medrano drove Hernan Ramos's vehicle with Hernan Ramos as a passenger from Mad Dawg Global in Tuscon, Arizona, to the Douglas Port of Entry where they both entered into Mexico with at least the six (6) .223 caliber rifles in the vehicle.<sup>109</sup>

The complaint states that the information was obtained by ATF agents conducting surveillance:

ATF Special Agents conducted surveillance, recorded firearms transactions, and identified the dates and times that the conspirators herein crossed the international border either in vehicles or on foot.<sup>110</sup>

The complaint also describes how quickly Medrano and his associates traveled back and forth between the United States and Mexico for additional firearm purchases. For example, in one instance on May 21, 2008, Hernan Ramos entered the United States and returned to Mexico "less than two hours later in the same vehicle." The complaint also states that in another instance on August 13, 2008, Medrano and an associate entered the United States "driving a vehicle which had entered into Mexico approximately fifteen minutes earlier."<sup>111</sup>

On August 9, 2010, Medrano was "sentenced to 46 months in prison for his leadership role in the conspiracy."<sup>112</sup> Ramos was sentenced to 50 months in prison and "[m]ost of the remaining defendants in the conspiracy received prison terms ranging from 14 to 30 months."<sup>113</sup> Many of the firearms purchased by the Medrano network were subsequently recovered in Mexico.<sup>114</sup>



#### 4. Operation Fast and Furious (2009-10)

The investigation that became known as Operation Fast and Furious began in the ATF Phoenix Field Division in October 2009. Despite having identified 20 suspects who paid hundreds of thousands of dollars in cash to buy hundreds of military-grade firearms on behalf of the same trafficking ring, ATF-Phoenix and the Arizona U.S. Attorney's Office asserted that they lacked probable cause for any arrests. Three months into the investigation, they agreed instead on a broader

strategy to build a bigger case against cartel leaders, rather than straw purchasers, through long-term surveillance and wiretaps. While they pursued this broader strategy, ATF-Phoenix agents did not interdict hundreds of firearms purchased and distributed by the suspects under their surveillance. In March 2010, the Deputy Director of ATF became concerned with the operation and ordered an “exit” strategy to bring indictments within 90 days. The documents indicate that ATF-Phoenix field agents chafed against this directive, however, and allowed suspect purchases to continue for months in an effort to salvage the broader goal of the investigation. In January 2011, the U.S. Attorney’s Office indicted 19 straw purchasers and the local organizer of the network, all of whom had been identified at the beginning of the investigation in 2009.

### **Initiated by ATF-Phoenix in the Fall of 2009**

According to documents obtained by the Committee, the investigation that became known as Operation Fast and Furious started in October 2009 when ATF agents received a tip that four suspected straw purchasers had acquired numerous AK-47 style rifles from the same gun dealer. ATF also received a tip about a man named Uriel Patino who had purchased numerous AK-47 rifles from the same dealer.<sup>115</sup>

The next month, ATF identified six additional suspected straw purchasers and two local properties that were being utilized as firearm drop locations.<sup>116</sup> On November 20, 2009, some of the guns purchased by the suspects were recovered in Naco, Mexico, including firearms with a “short time to crime.” Two additional suspects were identified based on the firearms recovered in Naco.<sup>117</sup>

**ATF-Phoenix presentation on Fast and Furious**



The case continued to grow in December with the identification of seven additional suspected straw purchasers and Manuel Celis-Acosta, a suspect connected to a large-scale Drug Enforcement Administration (DEA) investigation.<sup>118</sup>

A Briefing Paper prepared by ATF-Phoenix noted the size of the organization and the rapid pace of firearm purchases in those initial months of the investigation. It stated:

It should also be noted that the pace of firearms procurement by this straw purchasing group from late September to early December, 2009 defied the “normal” pace of procurement by other firearms trafficking groups investigated by this and other field divisions. This “blitz” was extremely out of the ordinary and created a situation where measures had to be enacted in order to slow this pace down in order to perfect a criminal case.<sup>119</sup>

The Briefing Paper stated that the investigation had identified more than 20 individual straw purchasers, all connected to the same trafficking ring, who “had purchased in excess of 650 firearms (mainly AK-47 variants) for which they have paid cash totaling more than \$350,000.00”<sup>120</sup>

### **Prosecutors claimed no probable cause to arrest straw buyers**

According to documents obtained by the Committee, on January 5, 2010, ATF-Phoenix officials working on the investigation had a meeting with the lead prosecutor on the case, Arizona Assistant U.S. Attorney Emory Hurley. The ATF agents and the prosecutor wrote separate memos following the meeting reflecting a consensus that no probable cause existed to arrest any of the straw purchasers despite the significant number of firearms that had been purchased. The ATF-Phoenix Briefing Paper, prepared three days after the meeting, stated:

On January 5, 2010, ASAC Gillett, GS [Group Supervisor] Voth, and case agent SA MacAllister met with AUSA Emory Hurley who is the lead federal prosecutor on this matter. Investigative and prosecutions 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.<sup>121</sup>

Similarly, the prosecutor wrote a memo to his direct supervisor, stating: “We have reviewed the available evidence thus far and agree that we do not have any chargeable offenses against any of the players.”<sup>122</sup>

During a transcribed interview with Committee staff, the ATF-Phoenix Group Supervisor who oversaw the operation and participated in the meeting explained that he had to follow the prosecutor’s probable cause assessment:

I don’t think that agents in Fast and Furious were forgoing taking action when probable cause existed. We consulted with the U.S.



Attorney's Office. And if we disagree, I guess we disagree. But if the U.S. Attorney's Office says we don't have probable cause, I think that puts us in a tricky situation to take action independent, especially if that is contradictory to their opinion.<sup>123</sup>

In another exchange, the Group Supervisor explained the prosecutor's assessment with respect to Uriel Patino, the single largest suspected straw purchaser in the Fast and Furious network:

Q: Does that meet your understanding of probable cause to interdict a gun when Uriel Patino goes in for the fifth or sixth or 12th time to purchase more and more guns with cash?

A: We talked that over at the U.S. Attorney's Office, and the conclusion was that we would need independent probable cause for each transaction. Just because he bought 10 guns yesterday doesn't mean that the 10 he is buying today are straw purchased. You can't transfer probable cause from one firearm purchase to the next firearm purchase. You need independent probable cause for each occurrence.

Q: And it doesn't matter not just that he bought 10 last week and 20 the week before, but that five of them ended up in Mexico at a crime scene, at a murder?

A: Again, in talking to the U.S. Attorney's Office, unless we could prove that he took them to Mexico, the fact that he sold them or transferred them to another [non-prohibited] party doesn't necessarily make him a firearms trafficker. If he sells them to his neighbor lawfully and then his neighbor takes them to Mexico, it is the neighbor who has done the illegal act, not Patino, who sold them to his neighbor.<sup>124</sup>

Although the determination of whether sufficient probable cause existed to make arrests ultimately rested with the prosecutor, documents obtained by the Committee indicate that all of the participants agreed with the strategy to proceed with building a bigger case and to forgo taking down individual members of the straw purchaser network one-by-one. The ATF Briefing Paper stated:

Currently our strategy is to allow the transfer of firearms to continue to take place albeit, at a much slower pace, in order to further the investigation and allow for the identification of additional co-conspirators who would continue to operate and illegally traffic

firearms to Mexican DTOs [drug trafficking organizations] which are perpetrating armed violence along the Southwest Border.<sup>125</sup>

During his transcribed interview with Committee staff, Special Agent in Charge Newell explained:

[T]he goal was twofold. It was to identify the firearms-trafficking network, the decision-makers, and not just focus on the straw purchasers. We would go after the decision-makers, the people who were financing.<sup>126</sup>

He stated that it was critical to identify the network rather than arresting individual straw purchasers one-by-one:

The goal of the investigation, as I said before, was to identify the whole network, knowing that if we took off a group of straw purchasers this, as is the case in hundreds of firearms trafficking investigations, some that I personally worked as a case agent, you take off the low level straw purchaser, all you're doing is one of – you're doing one of two things, one of several things. You're alerting the actual string-puller that you're on to them, one, and, two, all they are going to do is go out and get more straw purchasers.

Our goal in this case is to go after the decision-maker, the person at the head of the organization, knowing that if we remove that person, in the sense of prosecute that person, successfully, hopefully, that we would have much more impact than just going after the low-level straw purchaser.<sup>127</sup>

### **Prosecutor encouraged U.S. Attorney to “hold out for bigger” case**

In addition to finding no probable cause to arrest suspected straw purchasers who had already purchased hundreds of firearms, the lead prosecutor recommended against employing traditional investigative tactics against the suspects. In a memorandum to his supervisor on January 5, 2010, Mr. Hurley wrote:

In the past, ATF agents have investigated cases similar to this by confronting the straw purchasers and hoping for an admission that might lead to charges. This carries a substantial risk of letting the members of the conspiracy know that they are the subject of an investigation and not gain any useful admissions from the straw buyer. In the last couple of years, straw buyers appear to be well coached in how to avoid answering question about firearms questions. Even when the straw buyers make admissions and can be prosecuted, they

are easily replaced by new straw buyers and the flow of guns remains unabated.<sup>128</sup>

The lead prosecutor noted that ATF-Phoenix was aware that ATF headquarters would likely object to both the strategy of trying to build a bigger case and the proposal to forgo using traditional law enforcement tactics:

ATF [Phoenix] believes that there may be pressure from ATF headquarters to immediately contact identifiable straw purchasers just to see if this develops any indictable cases and to stem the flow of guns. Local ATF favors pursuing a wire and surveillance to build a case against the leader of the organization. If a case cannot be developed against the hub of the conspiracy, he will be able to replace the spokes as needed and continue to traffic firearms. I am familiar with the difficulties of building a case only upon the interviews of a few straw purchasers and have seen many such investigations falter at the first interview. I concur with Local ATF's decision to pursue a longer term investigation to target the leader of the conspiracy.<sup>129</sup>

Later the same day, January 5, 2010, the lead prosecutor's supervisor forwarded the memorandum to U.S. Attorney Dennis Burke, recommending that he agree to both the strategy and tactics. The supervisor's email to Mr. Burke stated:

Dennis—Joe Lodge has been briefed on this but wanted to get you a memo for your review. Bottom line – we have a promising guns to Mexico case (some weapons already seized and accounted for), local ATF is on board with our strategy but ATF headquarters may want to do a smaller straw purchaser case. We should hold out for the bigger case, try to get a wire, and if it fails, we can always do the straw buyers. Emory's memo references that this is the "Naco, Mexico seizure case" – you may have seen photos of that a few months ago.<sup>130</sup>

Mr. Burke responded two days later with a short message: "Hold out for bigger. Let me know whenever and w/ whomever I need to weigh-in."<sup>131</sup>

Although Mr. Burke agreed with the proposal to target the organizers of the firearms trafficking conspiracy, he told Committee staff that neither ATF-Phoenix nor his subordinates suggested that agents would be letting guns walk as part of the investigation. As discussed in Section C, below, Mr. Burke stated in his transcribed interview that he was under the impression that ATF-Phoenix was coordinating interdictions with Mexican officials. Mr. Burke stated:

I was under the opposite impression, which was that based on his [Mr. Newell's] contacts and the relationships with Mexico and what they

were doing, that they would be working with Mexico on weapons transferred into Mexico.<sup>132</sup>

According to documents obtained by the Committee, Mr. Burke also received explicit assurances from the lead prosecutor on the case, Mr. Hurley, that ATF-Phoenix agents “have not purposely let guns ‘walk.’”<sup>133</sup>

### **ATF-Phoenix sought funding and wiretaps to target higher-level suspects**

To secure additional resources for Operation Fast and Furious, including agents, funding, and sophisticated investigative tools, ATF-Phoenix requested funding from the Organized Crime Drug Enforcement Task Forces (OCDETF) Program, which provides funding “to identify, disrupt, and dismantle the most serious drug trafficking and money laundering organizations and those primarily responsible for the nation’s drug supply.”<sup>134</sup>

In January 2010, ATF-Phoenix submitted an investigative strategy in its application for funding from OCDETF.<sup>135</sup> ATF-Phoenix and the U.S. Attorney’s Office used evidence gathered from another agency’s investigation to draft its proposal.<sup>136</sup> The application explained that the goal Operation Fast and Furious was to bring down a major drug trafficking cartel:

The direct goal of this investigation is to identify and arrest members of the CONTRERAS DTO [Drug Trafficking organization] as well as seize assets owned by the DTO. Based upon the amount of drugs this organization distributes in the US it is anticipated that the investigation will continue to expand to other parts of the US and enable enforcement operations in multiple jurisdictions. In addition to the CONTRERAS DTO, this investigation is intended to identify and expand to the hierarchy within the Mexico-based drug trafficking organization that directs the CONTRERAS DTO.<sup>137</sup>

ATF-Phoenix’s proposal for Operation “The Fast and the Furious” was approved by an interagency group of Federal law enforcement officials in Arizona in late January 2010.<sup>138</sup>

ATF-Phoenix also drafted a proposal to conduct a wiretap with the goal of obtaining evidence to connect the straw purchasers to the leaders of the firearms trafficking conspiracy.<sup>139</sup> During his transcribed interview with Committee staff, U.S. Attorney Burke explained the purpose behind this wiretap application:

[T]he belief was, at least in I think January 2010, was when they first, my recollection is that they first started referencing the interest in

getting the [wiretap]. But the point being that they were going to try to reach beyond just the straw purchasers and figure out who the actual recruiters were and organizers of the gun trafficking ring.<sup>140</sup>

ATF-Phoenix submitted its wiretap application with the necessary affidavits and approvals from the Department of Justice, Office of Enforcement Operations, and received federal court approval for its first wiretaps.<sup>141</sup>

### **ATF-Phoenix agents watched guns walk**

Documents obtained by the Committee indicate that while ATF-Phoenix and the U.S. Attorney's Office pursued their strategy of building a bigger case against higher-ups in the firearms trafficking conspiracy, ATF-Phoenix field agents continued daily surveillance of the straw purchaser network. With advance or real-time notice of many purchases by the cooperating gun dealers, the agents watched as the network purchased hundreds of firearms. One ATF-Phoenix agent assigned to surveillance described a common scenario:

[A] situation would arise where a known individual, a suspected straw purchaser, purchased firearms and immediately transferred them or shortly after, not immediately, shortly after they had transferred them to an unknown male. And at that point I asked the case agent to, if we can intervene and seize those firearms, and I was told no.<sup>142</sup>

When asked about the number of firearms trafficked in a given week, one agent answered:

Probably 30 or 50. It wasn't five. There were five at a time. These guys didn't go to the FFLs unless it was five or more. And the only exceptions to that are sometimes the Draco, which were the AK-variant pistols, or the FN Five-seveN pistols, because a lot of FFLs just didn't have ... 10 or 20 of those on hand.<sup>143</sup>

Agents told the Committee that they became increasingly alarmed as this practice continued, which they viewed as a departure from both protocol and their expectations as law enforcement officials. One agent stated:

We were walking guns. It was our decision. We had the information. We had the duty and the responsibility to act, and we didn't do so. So it was us walking those guns. We didn't watch them walk, we walked.<sup>144</sup>

## **ATF Deputy Director Hoover ordered an “exit strategy”**

The documents obtained and interviews conducted by the Committee indicate that, following a briefing in March 2010, ATF Deputy Director William Hoover ordered an “exit strategy” in order to extract ATF-Phoenix from this operation. At the March briefing, the ATF Intelligence Operations Specialist and the Group Supervisor made a presentation regarding Operation Fast and Furious that covered the suspects, the number of firearms each had purchased, the amount of money each had spent, the known stash houses where guns were deposited, and the locations in Mexico where Fast and Furious firearms had been recovered. The briefing also included Assistant Director for Field Operations Mark Chait and Deputy Assistant Director for Field Operations William McMahon, four ATF Special Agents in Charge from ATF’s Southwest border offices, and others.

In his transcribed interview with Committee staff, Deputy Director Hoover stated that he became concerned sometime after the briefing about the number of guns being purchased and ordered an “exit strategy” to close the case and seek indictments within 90 days:

Q: It’s our understanding that you and Mr. Chait, in March approximately, asked for an exit strategy for the case?

A: That is correct. ...

Q: And if you could tell us what led to that request?

A: We received a pretty detailed briefing in March, I don’t remember the specific date, I’m going to say it’s after the 15th of March, about the investigation, about the number of firearms purchased by individuals. ... That would have been by our Intel division in the headquarters. ... During that briefing I was, you know, just jotting some notes. And I was concerned about the number of firearms that were being purchased in this investigation, and I decided that it was time for us to have an exit strategy and I asked for an exit strategy. It was a conversation that was occurring between Mark Chait, Bill McMahon and myself. And I asked for the exit strategy 30, 60, 90 days, and I wanted to be able to shut this investigation down.

Q: And by shutting the investigation down, you were interested in cutting off the sales of weapons to the suspects, correct?

A: That’s correct.

Q: And you were worried, is it fair to say, that these guns were possibly going to be getting away and getting into Mexico and showing up at crime scenes?

A: I was concerned not only that that would occur in Mexico, but also in the United States.<sup>145</sup>

Other than requesting an exit strategy, Mr. Hoover did not recall making any other specific demands because he generally “allowed field operations to run that investigation.”<sup>146</sup>

### **ATF-Phoenix did not follow the 90-day exit strategy and continued the operation**

In April 2010, more than one month after Deputy Director Hoover’s demand for an exit strategy, ATF-Phoenix still had not provided it, and Special Agent in Charge Newell expressed his frustration with perceived interference from ATF headquarters that he believed could prevent him from making a larger case. In an April 27, 2010, email to Deputy Assistant Director McMahon, he wrote:

I don’t like HQ driving our cases but understand the “sensitivities” of this case better than anyone. We don’t yet have the direct link to a DTO that we want/need for our prosecution, [redacted]. Once we establish that link we can hold this case up as an example of the link between narcotics and firearms trafficking which would be great on a national media scale but if the Director wants this case shut down then so be it.<sup>147</sup>

Although Mr. Newell delivered an exit strategy that day at Mr. McMahon’s reminder, the operation continued to grow and expand rather than wind down over the months to follow.<sup>148</sup> In June 2010, three months after Deputy Director Hoover’s directive, the operational phase of the case was still continuing. On June 17, 2010, the ATF-Phoenix Group Supervisor received an email from a cooperating gun dealer raising concerns about how the firearms he was selling could endanger public safety. The dealer stated:

As per our discussion about over communicating I wanted to share some concerns that came up. Tuesday night I watched a segment of a Fox News report about firearms and the border. The segment, if the information was correct, is disturbing to me. When you, Emory and I met on May 13<sup>th</sup> I shared my concerns with you guys that I wanted to make sure that none of the firearms that were sold per our conversation with you and various ATF agents could or would ever end up south of the border or in the hands of the bad guys. I guess I

am looking for a bit of reassurance that the guns are not getting south or in the wrong hands. I know it is an ongoing investigation so there is limited information you can share with me. But as I said in our meeting, I want to help ATF with its investigation but not at the risk of agents safety because I have some very close friends that are US Border Patrol agents in southern AZ as well as my concern for all the agents safety that protect our country.<sup>149</sup>

A month later, on July 14, 2010, Special Agent in Charge Newell sent an email to an ATF colleague in Mexico stating that ATF was “within 45-60 days of taking this [Operation Fast and Furious] down IF the USAO goes with our 846/924(c) conspiracy plan.”<sup>150</sup> At that time, the case was still months away from indictment.

In August 2010, the operation continued, with another cooperating gun dealer writing to the ATF-Phoenix Group Supervisor seeking advice about a large purchase order made by Uriel Patino, who personally purchased more than 600 assault weapons from a small handful of cooperating gun dealers. The dealer stated:

One of our associates received a telephone inquiry from Uriel Patino today. Uriel is one of the individuals your office has interest in, and he looking to purchase 20 FN-FNX mm firearms. We currently have 4 of these firearms in stock. If we are to fulfill this order we would need to obtain the additional 16 specifically for this purpose.

I am requesting your guidance as to weather [sic] or not we should perform the transaction, as it is outside of the standard way we have been dealing with him.<sup>151</sup>

The Group Supervisor wrote back requesting that the gun dealer fulfill the order:

[O]ur guidance is that we would like you to go through with Mr. Patino’s request and order the additional firearms he is requesting, and if possible obtain a partial down payment. This will require further coordination of exact details but again we (ATF) are very much interested in this transaction and appreciate your [] willingness to cooperate and assist us.<sup>152</sup>

During a transcribed interview with Committee staff, another cooperating gun dealer explained that ATF agents had promised to address the concerns he raised about their capability to interdict these weapons:

I was assured in no uncertain terms—and let me be straight about this. She assured that they would have enough agents on sight to surveil the sale and make sure that it didn’t get away from them, as it was stated



to me. ... To continue, we went along with these sales at their request. ATF would want us to continue with them, and we did so.<sup>153</sup>

### **Indictments delayed for months**

By August 2010, rather than indicting the suspects in Operation Fast and Furious, ATF-Phoenix and the prosecutor were still in the process of compiling evidence to make indictment decisions. During his transcribed interview with Committee staff, Special Agent in Charge Newell stated:

Well, the next phase in the investigation, it really moves from an investigation phase to prosecution phase at that point in the sense of getting the case ready for indictment. So I know that the case agent ... as well as the others were meeting regularly with the AUSA Emory Hurley, compiling all the different pieces of evidence specific to each individual prospective defendant, to get to a point where we met what we felt in conjunction with the U.S. Attorney's Office, in coordination with them, that met the burden of proof to be able to seek an indictment.<sup>154</sup>

Mr. Newell stated that he understood that this process of "compiling" evidence takes significant time and, as a result, "we were hoping to get indictments in, as I recall, I think it was maybe October, November roughly."<sup>155</sup> Mr. Newell attributed the delay in the indictments to "a combination of workload [at the U.S. Attorney's Office] and the fact that there was a lot of work that needed to be done as far as putting the charges together."<sup>156</sup>

In contrast, U.S. Attorney Burke informed Committee staff that the delay in the indictments was because ATF-Phoenix failed to produce to the prosecutor the completed case file until October 2010:

There is a formal process when an agency gives us a case with their cover, and the actual full documentation of the case was given to us, our office in October 2010, and I believe it was represented that it was given to us in August 2010.<sup>157</sup>

On January 19, 2011, ten months after Deputy Director Hoover ordered an exit strategy, the U.S. Attorney's Office filed an indictment against Manuel Celis-Acosta and 19 straw purchasers that included counts for conspiracy, dealing in firearms without a license, conspiracy to possess a controlled substance with intent to distribute, possession with intent to distribute marijuana, conspiracy to possess a firearm in furtherance of a drug trafficking offense, false statements in connection with acquisition of firearms, conspiracy to commit money laundering, money laundering, and aiding and abetting.<sup>158</sup>



Department of Justice, Report of Firearms Recoveries as of Indictment of Suspects (Jan. 21, 2011)

## B. CHALLENGES SPECIFIC TO THE ARIZONA U.S. ATTORNEY'S OFFICE

Numerous ATF agents in Phoenix and senior ATF officials in Washington, D.C. informed the Committee that the U.S. Attorney's Office in Arizona historically has been reluctant to prosecute firearms traffickers. Due to the Federal prosecutors' analysis of heightened evidentiary thresholds in their district, agents reported that they faced significant challenges over the course of many years getting the U.S. Attorney's Office in Arizona to arrest, prosecute, and convict firearms traffickers.

### **"Viewed as an obstacle more than a help"**

In testimony before the Committee, ATF Special Agent Peter Forcelli stated that within a few weeks of transferring to the Phoenix Field Division from New York in 2007, he noticed a difference in how Federal prosecutors in Arizona handled gun cases:

In my opinion, dozens of firearms traffickers were given a pass by the U.S. Attorney's Office for the District of Arizona. Despite the existence of "probable cause" in many cases, there were no indictments, no prosecutions, and criminals were allowed to walk free.<sup>159</sup>

Special Agent Forcelli testified that "this situation wherein the United States Attorney's Office for Arizona in Phoenix declined most of our firearms cases, was at least one factor which led to the debacle that's now known as 'Operation Fast and Furious.'"<sup>160</sup> He added that little improvement has been made to date:

I would say, if anything, we have gone from a 'D-minus' to maybe a 'D.' It is still far from, again, effective or far from what, you know, the taxpayers deserve. But it is still very bad. I mean I wouldn't say it is effective. ... Guns in the hands of gang members or cartel traffickers, that's pretty concerning.<sup>161</sup>

He added: "the U.S. Attorney's Office is kind of viewed as an obstacle more than a help in criminal prosecutions here in Arizona, here in the Phoenix area."<sup>162</sup>

In his transcribed interview with Committee staff, Acting ATF Director Kenneth Melson stated that Arizona historically has been a very difficult place to prosecute firearms traffickers. He stated:

A: We have had, as Peter Forcelli said, a long history with the District of Arizona going back to Paul Charlton, if not earlier, where it was difficult to get these cases prosecuted. Diane

Humetewa was the second U.S. Attorney there who had issues with our cases and wouldn't prosecute. I was head of the Executive Office for U.S. Attorneys at the time. I know exactly what was going on there and the issues we had with getting cases prosecuted in the District of Arizona.

Q: What was going on there?

A: Well, they—

Q: Were they prosecuting gun cases?

A: No, no. And they had a limit—for example, they wouldn't take any case that had less than 500 pounds of marijuana coming across the border with people in custody of it. We had to take some of our most significant cases to the state courts to try because they wouldn't take them.

Q: So is it fair to say there was a frustration—I believe you said earlier there was a frustration and aggravation with the Arizona U.S. Attorney's office, is that fair?

A: Yes, I think there was a frustration. Peter Forcelli said it really like it was. Let me say it, Dennis Burke has really made a change in the office. And he has turned that office around, maybe not 180 degrees but he's getting there. He's at least at 45 or 50 degrees. We have gotten more prosecutions out of his office than before, but historically, we have had a real hard time getting prosecutions. And when we do, we get no sentences. The guidelines are so low.<sup>163</sup>

### **Evidentiary thresholds in Arizona**

According to ATF officials, prosecutors in the Arizona U.S. Attorney's Office insisted that they could not prosecute firearms cases without physical possession of the firearms at issue. The prosecutors referred to this as the doctrine of *corpus delicti* ("body of the crime").<sup>164</sup> Because it was difficult to get Mexican authorities to cooperate in returning recovered firearms from that country, agents claimed that this created an effective bar to prosecution of many trafficking suspects. Agents told the Committee that prosecutors in the Arizona U.S. Attorney's Office applied the *corpus delicti* doctrine to refuse to prosecute cases even when suspects confessed to committing the crime.<sup>165</sup>

ATF counsel strongly disagreed with the U.S. Attorney's Office that firearms had to be present to prove that straw purchasers had lied on the Federal forms they

filled out when purchasing firearms. According to Special Agent in Charge Newell, the other other U.S. Attorneys' offices in his jurisdiction—New Mexico, Colorado, Wyoming, and Utah—did not share Arizona's interpretation of this evidentiary standard.<sup>166</sup>

On February 24, 2010, ATF counsel prepared a memorandum criticizing the *corpus delicti* doctrine as interpreted by the Arizona U.S. Attorney's Office. The memo stated:

In furtherance of ATF's primary investigative authority and the Southwest Border Initiative, ATF agents spend a very significant number of hours—and often place themselves in dangerous circumstances—investigating alleged straw transactions as part of firearms trafficking cases. In recent years, few of these investigations have resulted in Federal prosecutions in the District of Arizona. It is our desire to work with your office to adjust the scope of our investigations and/or our investigative procedures to provide straw purchaser cases that fall within the prosecution guidelines of your office.<sup>167</sup>

According to ATF agents in Phoenix, the U.S. Attorney's Office also established additional evidentiary hurdles that made prosecuting firearms cases difficult, including requiring independent evidence of illegality for each firearms transaction. According to ATF agents, prosecutors would not build a case based on a pattern of multiple successive firearms purchases followed in quick succession by trips to Mexico. Instead, agents had to prove that each transaction, standing by itself, was illegal. The ATF-Phoenix Group Supervisor for Fast and Furious told the Committee how this policy applied:

We talked that over at the U.S. Attorney's Office, and the conclusion was that we would need independent probable cause for each transaction. Just because he bought 10 guns yesterday doesn't mean that the 10 he is buying today are straw purchased. You can't transfer probable cause from one firearm purchase to the next firearm purchase. You need independent probable cause for each occurrence.<sup>168</sup>

The ATF Group Supervisor explained that application of this requirement meant that agents could not rely on prior actions as the basis for arresting suspected straw purchasers or interdicting weapons.<sup>169</sup>

ATF agents also informed the Committee that the Arizona U.S. Attorney's Office required proof, by clear and convincing evidence, that every person in a chain of people who possessed the firearm had the intent to commit a crime.<sup>170</sup> Agents

understood this to mean that they would not have sufficient probable cause to arrest a suspect or interdict weapons when suspects transferred guns to non-prohibited persons who then trafficked the guns to Mexico.<sup>171</sup>



DEA photo from announcement of Fast and Furious indictments (January 2011)

## C. NO EVIDENCE THAT SENIOR OFFICIALS AUTHORIZED OR CONDONED GUNWALKING IN FAST AND FURIOUS

Contrary to some claims, the Committee has obtained no evidence that Operation Fast and Furious was conceived and directed by high-level political appointees at the Department of Justice. Rather, the documents obtained and interviews conducted by the Committee reflect that Fast and Furious was the latest in a series of fatally flawed operations run by ATF's Phoenix Field Division and the Arizona U.S. Attorney's Office during both the previous and current administrations.

The Acting Director of ATF, the Deputy Director of ATF, and the U.S. Attorney in Arizona each told the Committee that they did not approve of gunwalking in Operation Fast and Furious, were not aware that agents in ATF-Phoenix were using the tactic, and never raised any concerns with senior officials at the Department of Justice in Washington, D.C. In addition, the Deputy Attorney General and Assistant Attorney General for the Criminal Division both stated that ATF and prosecutors never raised concerns about gunwalking in Operation Fast and Furious to their attention, and that, if they had been told about gunwalking, they would have shut it down. The Attorney General has stated consistently that he was not aware of allegations of gunwalking until 2011, and the Committee has received no evidence that contradicts this assertion.

### Attorney General Holder

The Attorney General has stated repeatedly that he was unaware that gunwalking occurred in Operation Fast and Furious until the allegations became public in early 2011.<sup>172</sup> In testimony before the Senate Judiciary Committee, Attorney General Holder was unequivocal in his criticism of the controversial tactics employed in Fast and Furious:

Now I want to be very clear, any instance of so called gunwalking is simply unacceptable. Regrettably this tactic was used as part of Fast and Furious which was launched to combat gun trafficking and violence on our Southwest border.

This operation was flawed in its concept and flawed in its execution, and unfortunately we will feel the effects for years to come as guns that were lost during this operation continue to show up at crime scenes

*"This should never have happened and it must never happen again."*  
-Attorney General Holder

both here and in Mexico. This should never have happened and it must never happen again.<sup>173</sup>

Testifying before the House Judiciary Committee, the Attorney General rejected the allegation that senior leaders at the Department of Justice approved of gunwalking in Operation Fast and Furious:

I mean, the notion that people in the—in Washington, the leadership of the Department approved the use of those tactics in Fast and Furious is simply incorrect. This was not a top-to-bottom operation. This was a regional operation that was controlled by ATF and by the U.S. Attorney's Office in Phoenix.<sup>174</sup>

The Committee has obtained no evidence indicating that the Attorney General authorized gunwalking or that he was aware of such allegations before they became public. None of the 22 witnesses interviewed by the Committee claims to have spoken with the Attorney General about the specific tactics employed in Operation Fast and Furious prior to the public controversy.

To the contrary, the evidence received by the Committee supports the Attorney General's assertion that the gunwalking tactics in Operation Fast and Furious were developed in the field. The leaders of the two components with management responsibility for Operation Fast and Furious—ATF and the U.S. Attorney's Office—informed the Committee that they themselves were not aware of the controversial tactics used in Operation Fast and Furious and did not brief anyone at Justice Department headquarters about them. Similarly, the Attorney General's key subordinates—the Deputy Attorney General and the Assistant Attorney General for the Criminal Division—informed the Committee that they were never briefed on the tactics by ATF or the U.S. Attorney's Office and never raised concerns about the operation to the Attorney General.

In 2010, the Office of the Attorney General received six reports from the National Drug Intelligence Center that contained a brief, one paragraph overview of Operation Fast and Furious. None of the information in the documents discussed the controversial tactics used by ATF agents in the case. One typical paragraph read:

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 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.<sup>175</sup>

In his October 7, 2011, letter, the Attorney General explained that he never reviewed the reports and that his staff typically reviews these reports. He also testified that even if he had reviewed them personally, they did not indicate anything problematic about the case because “the entries suggest active law enforcement action being taken to combat a firearms trafficking organization that was moving weapons to Mexico.”<sup>176</sup>

Documents provided to the Committee indicate that in December 2010, the Arizona U.S. Attorney’s Office was preparing to inform the Attorney General’s Office about the general status of upcoming indictments in Operation Wide Receiver when news of Agent Terry’s death broke.

On December 14, 2010, Monty Wilkinson, the Attorney General’s Deputy Chief of Staff, sent an email to U.S. Attorney Burke asking if he was available for a call that day.<sup>177</sup> The next day, U.S. Attorney Burke replied, apologized for not responding sooner, and said he would call later in the day.<sup>178</sup> He also stated that the U.S. Attorney’s Office had a large firearms trafficking case he wanted to discuss that was set to be indicted in the coming weeks.<sup>179</sup>

Several hours later on December 15, 2010, U.S. Attorney Burke learned that Agent Terry had been murdered.<sup>180</sup> He alerted Mr. Wilkinson, who replied, “Tragic, I’ve alerted the AG, the Acting DAG, Lisa, etc.”<sup>181</sup>

Later that same day, U.S. Attorney Burke learned that two firearms found at Agent Terry’s murder scene had been purchased by a suspect in Operation Fast and Furious. He sent an email to Mr. Wilkinson forwarding this information and wrote: “The guns found in the desert near the murder [sic] BP officer connect back to the investigation we were going to talk about—they were AK-47’s purchased at a Phoenix gun store.”<sup>182</sup> Mr. Wilkinson replied, “I’ll call tomorrow.”<sup>183</sup>

In his interview with Committee staff, U.S. Attorney Burke stated that he did not recall having any subsequent conversation with Mr. Wilkinson that “included the fact that Fast and Furious guns were found at the scene” of Agent Terry’s murder.<sup>184</sup> In a November 2011 hearing of the Senate Judiciary Committee, Senator Charles Grassley asked Attorney General Holder, “Did Mr. Wilkinson say anything to you about the connection between Agent Terry’s death and the ATF operation?”

Attorney General Holder responded, “No, he did not.”<sup>185</sup> In a January 27, 2011, letter to the Committee, the Department stated that Mr. Wilkinson “does not recall a follow-up call with Burke or discussing this aspect of the matter with the Attorney General.”<sup>186</sup>

### **Deputy Attorney General Grindler**

During his interview with Committee staff, Gary Grindler, the former Acting Deputy Attorney General stated that he was not aware of the controversial tactics that ATF-Phoenix employed in Operation Fast and Furious, never authorized them, and never briefed anyone at the Department of Justice about them.<sup>187</sup>

*“I would have stopped it.”*  
-former Deputy Attorney General Grindler

In March 2010, Acting ATF Director Melson and Deputy Director Hoover met with Mr. Grindler for a monthly check-in meeting and shared information about Operation Fast and Furious and other matters. As part of this briefing, Mr. Melson and Mr. Hoover stated that they discussed the total number of firearms purchased by individual suspects in Operation Fast and Furious, the total amount of money spent on purchasing these firearms, and a map displaying seizure events for the case in both the United States and Mexico.<sup>188</sup>

Mr. Grindler stated that neither of ATF’s senior leaders raised any concerns with him about Operation Fast and Furious at that briefing or mentioned gunwalking:

Q: And to your recollection, did Director Melson or Deputy Director Hoover ever tell you that they were deliberately allowing firearms to be transferred to Mexico in order to use them as a predicate for cases in the United States?

A: I mean, I am extraordinarily confident that they didn’t tell me that. That is just an absurd concept. If that had been told to me, I would not only have written something, but done something about it.

Q: What would you have done?

A: I would have stopped it. I would have asked for detailed briefings about this matter and figure out more clearly what’s going on here.<sup>189</sup>

Deputy Director Hoover corroborated Mr. Grindler’s account. In his interview with the Committee, Mr. Hoover explained that he did not inform the

Deputy Attorney General about gunwalking in Operation Fast and Furious because he did not know about it himself:

A: Well, there's been reports that the Deputy Attorney General's office was aware of the techniques being employed in Fast and Furious, and that's not the case, because I certainly didn't brief them on the techniques being employed in Fast and Furious.

Q: Because you didn't know?

A: Right.<sup>190</sup>

When asked whether he ever discussed his briefing on Operation Fast and Furious with the Attorney General, Mr. Grindler said, "I don't have any recollection of advising the Attorney General about this briefing in 2010."<sup>191</sup>

### **Acting ATF Director Melson**

In an interview with Committee staff on July 4, 2011, then-Acting ATF Director Kenneth Melson stated that he was not aware of the controversial tactics that the ATF-Phoenix Field Division employed, never authorized them, and never briefed anyone at the Department of Justice about them. Mr. Melson stated:

I don't believe that I knew or that [Deputy Director] Billy Hoover knew that they were—that the strategy in the case was to watch people buy the guns and not interdict them at some point. That issue had never been raised. It had never been raised to our level by the whistleblowers in Phoenix—that stayed in-house down there. The issue was never raised to us by ASAC [Assistant Special Agent in Charge] Gillett who was supervising the case.

It unfortunately was never raised to my level by SAC [Special Agent in Charge] Newell who should have known about the case, if he didn't, and recognize the issue that was percolating in his division about the disagreement as to how this was occurring. Nor was it raised to my level by DAD [Deputy Assistant Director] McMahon who received the briefing papers from [Phoenix Group Supervisor] Voth and may have had other information on the case. Nor was it given to me by a Deputy Assistant Director in OSII, the intel function, when he briefed this case the one time I wasn't there and he raised an objection to it and saw nothing change.<sup>192</sup>

Director Melson also denied that Department of Justice or senior ATF officials devised or authorized those tactics:

Q: Did you ever use or authorize agents to use a tactic of non-intervention to see where the guns might go?

A: I don't believe I did.

Q: Did you ever tell agents not to use or authorize agents not to use other common investigative techniques like "knock and talks" or police pullovers in order to see where the guns might go in this case?

A: No.

Q: Did anyone at the Department of Justice ever tell you or tell anyone else at headquarters and it got to you that those tactics were authorized as part of a new strategy in order to follow the guns, let the guns go, see where they might end up?

A: No.<sup>193</sup>

Documents obtained by the Committee indicate that Mr. Melson received three briefings regarding Fast and Furious in the early months of the operation and had regular status updates thereafter. He stated that "the general assumption among the people that were briefed on this case was that this was like any other case that ATF has done."<sup>194</sup> In addition to stating that he was not aware of the controversial tactics in Operation Fast and Furious, Mr. Melson stated that he did not know the full scope or scale of criminal activity by suspects until after concerns about gunwalking became public.

After the public controversy broke, Mr. Melson requested copies of Operation Fast and Furious case files to review for himself. He told Committee staff that he became extremely concerned after reviewing them:

I think I became fully aware of what was going on in Fast and Furious when I was reading the ROIs. And I remember sitting at my kitchen table reading the ROIs, one after another after another, I had pulled out all Patino's—and ROIs is, I'm sorry, report of investigation—and you know, my stomach being in knots reading the number of times he went in and the amount of guns that he bought.

And this is why I wish the people in Phoenix had alerted us during this transaction to exactly this issue, so we could have had at least made a judgment as to whether or not this could continue or not.<sup>195</sup>

### **ATF Deputy Director Hoover**

During his interview with Committee staff, then-Deputy Director William Hoover stated that he had not been aware of the tactical details in Operation Fast and Furious and had not raised any concerns with Acting ATF Director Melson or anyone at Justice Department headquarters.<sup>196</sup> Deputy Director Hoover rejected the suggestion that senior management officials at ATF or the Department of Justice were responsible for any of the controversial tactical decisions made in Operation Fast and Furious:

Q: But you don't believe that this is some sort of top-down—it wasn't a policy or some tactical strategy from either ATF management or main Justice to engage in what happened here in Phoenix in Fast and Furious?

A: No, sir. It's my firm belief that the strategic and tactical decisions made in this investigation were born and raised with the U.S. Attorney's Office and with ATF and the OCADETF strike force in Phoenix.<sup>197</sup>

Mr. Hoover's subordinates also informed the Committee that they did not warn him about gunwalking allegations in Operation Fast and Furious because they were unaware of them. Assistant Director for Field Operations Mark Chait told the Committee that he was "surprised" when he learned of allegations that gunwalking occurred in Operation Fast and Furious in February 2011.<sup>198</sup> Deputy Assistant Director for Field Operations William McMahon, the supervisor above the Phoenix Field Division, stated:

I don't think at any point did we allow guns to just go into somebody's hands and walk across the border. I think decisions were made to allow people to continue buying weapons that we suspected were going to Mexico to put our case together. But I don't believe that at any point we watched guns going into Mexico. I think we did everything we could to try to stop them from going to Mexico.<sup>199</sup>

Although Mr. Hoover stated that he was unaware of gunwalking allegations in Operation Fast and Furious prior to the public controversy, he informed Committee staff that he became concerned in March 2010 about the number of guns being purchased.<sup>200</sup> As discussed above, Mr. Hoover received a briefing in March 2010 during which ATF officials described the suspects, the number of firearms, the

amount of money each had spent, known stash houses, and the locations where firearms had been recovered. Mr. Hoover told the Committee that he ordered an “exit strategy” to close the case and seek indictments within 90 days.

Apart from whether Mr. Hoover was aware of specific gunwalking allegations in Operation Fast and Furious, it remains unclear why he failed to inform Acting ATF Director Melson or senior Justice Department officials about his more general concerns with the investigation or his directive for an exit strategy.

During his interview with Committee staff, Deputy Director Hoover took substantial personal responsibility for ATF’s actions in Operation Fast and Furious. He stated:

I blame no one else. I blame no one else – not DEA, not the FBI, not the U.S. Attorney’s Office. If we had challenges, then we need to correct those challenges. I am the deputy director at ATF, and, ultimately, you know, everything flows up, and I have to take responsibility for the mistakes that we made.<sup>201</sup>

### **United States Attorney Burke**

During an interview with Committee staff, Arizona U.S. Attorney Dennis Burke stated that neither he nor anyone above him ever authorized non-interdiction of weapons or letting guns walk in Operation Fast and Furious:

Q: To your knowledge as the U.S. Attorney for the District of Arizona, did the highest levels of the Department of Justice authorize [the] non-interdiction of weapons, cutting off of surveillance, as an investigative tactic in Operation Fast and Furious?

A: I have no knowledge of that.

Q: Do you believe you would have known if that was the case?

A: Yes.

Q: Did you ever authorize those tactics?

A: No.

...

Q: Did anyone ever discuss—from the Department of Justice main headquarters—your supervisors—ever discuss with

you or raise to your attention that there was a new policy with respect to interdiction of weapons or surveillance of firearms?

A: No. Not that I can recall at all.

Q: And did anyone ever—from the Department of Justice, Main Justice I will call it, ever tell you that you were authorized to allow weapons to cross the border when you otherwise would have had a legal authority to seize or interdict them because they were a suspected straw purchase or it was suspected that they were being trafficked in a firearms scheme?

A: I have no recollection of ever being told that.<sup>202</sup>

Although U.S. Attorney Burke agreed with ATF-Phoenix's proposal to build a "bigger" case that targeted the organizers of the firearms trafficking conspiracy, he stated that ATF-Phoenix never indicated that agents would be letting guns walk as part of the investigation:

Q: Did you ever discuss with him [Special Agent in Charge Newell] a deliberate tactic of non-interdiction to see where the weapons ended up? To see if they ended up with the DTO in Mexico?

A: I do not recall that at all.

Q: Would that stick out in your mind at this point if he had said we're going to let the guns go, find them in crime scenes in Mexico, and then use that to make a connection to a DTO?

A: I don't recall that at all. I was under the opposite impression, which was that based on his contacts and the relationships with Mexico and what they were doing, that they would be working with Mexico on weapons transferred into Mexico.<sup>203</sup>

Emails from Special Agent in Charge Newell touting recent seizures of firearms in both the United States and in Mexico are consistent with U.S. Attorney Burke's statement that he believed ATF-Phoenix was coordinating interdiction with appropriate law enforcement agencies on both sides of the border. For example, on June 24, 2010, Mr. Newell sent an email to Mr. Burke with a picture of a .50 caliber weapon that had been recovered, stating: "Never ends ... our folks are working non-stop around the clock 7 days a week. But they are making some great seizures and gleaning some great Intel."<sup>204</sup>

The lead prosecutor on the case, Emory Hurley, sent Mr. Burke similar updates. On August 16, 2010, for example, Mr. Hurley prepared a memorandum asserting that “the investigation has interdicted approximately 200 firearms, including two .50 caliber rifles” and stating, “[a]gents have not purposely let guns ‘walk.’”<sup>205</sup>

### **Criminal Division review of Fast and Furious wiretap applications**

In testimony before a Subcommittee of the Senate Judiciary Committee on November 1, 2011, Assistant Attorney General Lanny Breuer stated that he first became aware of the controversial tactics in Operation Fast and Furious after they became public:

I found out first when the public disclosure was made by the ATF agents early this year. When they started making those public statements, of course, at that point, as you know, both the leadership of ATF and the leadership of the U.S. Attorney’s Offices adamantly said that those allegations were wrong.

But as those allegations became clear, that is when I first learned that guns that could—that ATF had both the ability to interdict and the legal authority to interdict, that they failed to do so. That is when I first learned that, Senator.<sup>206</sup>

Similarly, in an interview with Committee staff, Deputy Assistant Attorney General Jason Weinstein stated:

I did not know at any time during the investigation of Fast and Furious that guns had walked during that investigation. I first heard of possible gunwalking in Fast and Furious when the whistleblower allegations were made public in early 2011. Had I known about gunwalking in Fast and Furious before the allegations became public, I would have sounded the alarm about it.<sup>207</sup>

*“I would have sounded the alarm”*  
-Assistant Attorney General Breuer

Mr. Breuer and Mr. Weinstein also rejected the allegation that they should have been able to identify gunwalking in Operation Fast and Furious based on the Criminal Division’s legal reviews of wiretap applications submitted by the Arizona U.S. Attorney’s Office.

Federal law requires that senior Department officials approve all Federal law enforcement applications to Federal judges for the authority to conduct wiretaps.<sup>208</sup> The Department has assigned that legal review duty to the Office of



Enforcement Operations in the Criminal Division.<sup>209</sup> During Operation Fast and Furious, numerous wiretap applications were submitted to the Criminal Division to determine whether they satisfied the legal threshold established under the Fourth Amendment to the United States Constitution. Drafts of the applications were sent to the Office of Enforcement Operations, which prepared cover memos for final review and approval by a Deputy Assistant Attorney General.<sup>210</sup> The wiretap applications are under court seal and therefore have not been produced to the Committee.

Mr. Weinstein informed the Committee that he reviewed the cover memoranda prepared by the Office of Enforcement Operations for three wiretap applications in Operation Fast and Furious and that he approved all three.<sup>211</sup> He stated that his general practice was to read the cover memo first and examine the underlying affidavit only if there were issues or questions necessary to the probable cause determination that the summary memo did not provide.<sup>212</sup> Mr. Weinstein stated that he believed his practice was consistent with the conduct across various administrations.<sup>213</sup>

Mr. Weinstein rejected the criticism that he should have identified gunwalking in Operation Fast and Furious based on his review of the memoranda summarizing the wiretap affidavits in the case. Although he could not comment on the contents of the documents because they are under seal by a Federal District Court judge, he stated:

It's not a fair criticism. As I said earlier, I can't comment on the contents. What I can say is I obviously have a sensitive radar to gunwalking, since that's been the focus of my life, my professional life, is keeping guns out of the hands of criminals. So when I saw in Wide Receiver that an investigation, however well intentioned it may have been, was being conducted in a way that put guns in the hands of criminals, I reacted pretty strongly to it. Had I seen anything at any time during the investigation of Fast and Furious that raised the same concerns, I would have reacted. And I would have reacted even more strongly because that would have meant it was still going on and that Wide Receiver was not in fact an isolated incidence as I believed it to be.<sup>214</sup>

*“The focus of my life, my professional life, is keeping guns out of the hands of criminals.”*  
-Deputy Assistant Attorney General Weinstein

In testimony before the Senate Judiciary Committee, Mr. Breuer made clear that his staff reviews wiretap affidavits to determine the legal sufficiency of the

request rather than to conduct oversight of investigative tactics in law enforcement investigations. He stated:

[A]s Congress made clear, the role of the reviewers and the role of the deputy in reviewing Title III applications is only one. It is to ensure that there is legal sufficiency to make an application to go up on a wire and legal sufficiency to petition a Federal judge somewhere in the United States that we believe it is a credible request. But we cannot—those now 22 lawyers that I have who review this in Washington, and it used to only be 7, cannot and should not replace their judgment, nor can they, with the thousands of prosecutors and agents all over the country.

Theirs is a legal analysis: Is there a sufficient basis to make this request? We must and have to rely on the prosecutors and their supervisors and the agents and their supervisors all over the country to determine that the tactics that are used are appropriate.<sup>215</sup>

### **Criminal Division response to Wide Receiver**

Questions have been raised about whether Mr. Breuer or Mr. Weinstein should have been aware of gunwalking in Operation Fast and Furious because they learned about similar tactics in a different case dating back to 2006 and 2007, Operation Wide Receiver. Documents obtained by the Committee indicate that as soon as they learned about gunwalking during the previous Administration, Mr. Breuer and Mr. Weinstein took immediate steps to register their concerns directly with the highest levels of ATF leadership, but they did not inform the Attorney General or the Deputy Attorney General.

In March 2010, a Criminal Division supervisor sent an email to Mr. Weinstein regarding the Wide Receiver case stating that, “with the help of a cooperating FFL, the operation has monitored the sale of over 450 weapons since 2006.”<sup>216</sup> In response, Mr. Weinstein expressed concern, writing: “I’m looking forward to reading the pros[ecution] 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?”<sup>217</sup> The supervisor inaccurately responded: “My recollection is they learned afterward.”<sup>218</sup> As discussed above, ATF Operational Plans and other documents provided to the Committee show that ATF agents in Arizona were contemporaneously aware of the illegal straw purchases.

The next month, Mr. Weinstein received and reviewed a copy of the prosecution memorandum prepared by the criminal prosecutor in the Wide Receiver case.<sup>219</sup> On April 12, 2010, Mr. Weinstein wrote to the prosecutors stating:

ATF HQ should/will be embarrassed that they let this many guns walk—I'm stunned, based on what we've had to do to make sure not even a single operable weapon walked in UC [undercover] operations I've been involved in planning—and there will be press about that.<sup>220</sup>

In his interview with Committee staff, Mr. Weinstein explained that “there was no question from the moment those sales were completed that ATF had a lot of evidence that those sales were illegal. That's pretty rare. And it's that specific fact that set me off on Wide Receiver.”<sup>221</sup> He also stated that the gunwalking tactics used in Wide Receiver “were unlike anything I had encountered in my career as a prosecutor.”<sup>222</sup> As a former prosecutor in the U.S. Attorney's Office in Baltimore, he added:

One of my priorities in all of the work I did in Maryland was to stop guns from getting to criminals and get guns out of the hands of criminals who managed to get their hands on them. But I was very sensitive about any situation or any operation that might result in law enforcement, however inadvertently, putting a gun into the hands of a criminal. And so all of the operations that I participated in designing, and I referred to this in the email, were designed to make sure that not even a single operable weapon got in the hands of a criminal.<sup>223</sup>

After reading the prosecution memorandum, Mr. Weinstein contacted his supervisor, Assistant Attorney General Breuer. On April 19, 2010, they met to discuss Mr. Weinstein's concerns about ATF-Phoenix's handling of the case.<sup>224</sup> According to Mr. Weinstein, Mr. Breuer shared his shock about the gunwalking tactics used in Wide Receiver:

[T]here's no question in my mind from his reaction at the meeting that Mr. Breuer shared the same concerns that I did. As I indicated in my opening, Mr. Breuer has made helping Mexico and stopping guns from getting to Mexico a top priority. I had commented to somebody in my office that I traded when I came from Baltimore to the Criminal Division, I traded having a boss come into my office every day and ask me what am I doing to keep the murder rate down, to a boss who is asking me virtually every day, what am I doing to stop guns from going to Mexico? So when he heard about this he had the same reaction I did.<sup>225</sup>

According to Mr. Weinstein, Mr. Breuer directed him to immediately register their concerns “directly with the leadership of ATF.”<sup>226</sup> The next day, Mr. Weinstein contacted ATF Deputy Director Hoover to request a meeting.<sup>227</sup> On April 28, 2010, Mr. Weinstein and Mr. Hoover met and were joined by the Acting Chief of the Organized Crime and Gang Section at DOJ, James Trusty and ATF Deputy Assistant

Director William McMahon.<sup>228</sup> Mr. Weinstein told the Committee that he expressed his serious concerns about ATF-Phoenix's management of Wide Receiver and the fact that so many firearms had been allowed to walk. Notes taken at that meeting indicate that of 183 guns sold in the first part of Operation Wide Receiver, the "vast majority walk[ed]" and were linked to "violent crime."<sup>229</sup> Mr. Weinstein stated:

[A]t the meeting the first topic on the agenda was to talk about the tactics. And so Mr. Trusty and I went through the facts of the case and I explained my concerns about the tactics. The meeting was nearly 2 years ago now, and as I sit here today I just can't recall the specific words used, but my strong memory from that meeting is that Mr. Hoover had the same reaction I did; that is, that he shared my concerns about the tactics. And I walked away from that meeting being satisfied that although this had happened in '06 and '07, this was not the kind of thing that would be happening under Mr. Hoover's watch. I wish I could remember the exact words used, but that's the strong sense I walked away with.<sup>230</sup>

Although neither Mr. Breuer nor Mr. Weinstein had direct supervisory authority over ATF, Mr. Weinstein told the Committee that the seriousness of issue compelled them to request the meeting. Mr. Weinstein stated:

I raised this with Mr. Hoover because I knew it was something he would be concerned about, and he was concerned about it. I didn't direct him. It's not my place to direct him. I didn't ask him to do anything in particular. His reaction, as I said, was exactly what I expected, which was concern about the tactics. And so I just walked away. I walked away feeling there was no reason to worry that this was the kind of thing that he would tolerate.<sup>231</sup>

Mr. Weinstein stated that he relayed the details of the meeting to Mr. Breuer, and at that time both of them believed that they had satisfied their duty to address the issue with the appropriate managers.<sup>232</sup> Mr. Weinstein also noted that he believed the gunwalking in Wide Receiver was an "extreme aberration from years ago."<sup>233</sup>

Despite raising these concerns about gunwalking in Operation Wide Receiver immediately with senior ATF leadership, Mr. Breuer later expressed regret for not raising these concerns directly with the Attorney General or Deputy Attorney General. During an exchange at a hearing with Senator Grassley, Mr. Breuer stated:

I regret the fact that in April of 2010, I did not. At the time, I thought that we—dealing with the leadership of ATF was sufficient and reasonable. And frankly, given the amount of work I do, at the time,

I thought that that was the appropriate way of dealing with it. But I cannot be more clear that knowing now—if I had known then what I know now, I, of course, would have told the Deputy and the Attorney General.<sup>234</sup>

### **Criminal Division interactions with Mexican Officials**

According to documents obtained by the Committee, Assistant Attorney General Breuer met with senior officials from the Mexican government in Mexico on February 2, 2011, to discuss potential areas of cooperation to fight transnational organized crime and drug trafficking.<sup>235</sup> According to a summary, the group discussed a wide range of issues including U.S. extradition requests to Mexico, firearms trafficking, and a cooperative security agreement between the United States, Mexico, and countries in Central America.<sup>236</sup>

With respect to combating firearms trafficking, the Mexican Undersecretary for North America explained that “greater coordination and flow of information would be helpful to combat arms trafficking into Mexico.”<sup>237</sup> Mr. Breuer responded by telling the Mexican officials that the Department had sought to increase penalties for straw purchasers and desired their support for such measures. According to the summary, Mr. Breuer also made a suggestion about one way the two countries could increase coordination:

AAG Breuer suggested allowing straw purchasers cross into Mexico so SSP [Mexican federal police force] can arrest and PGR [the Mexican Attorney General’s Office] can prosecute and convict. Such coordinated operations between the US and Mexico may send a strong message to arms traffickers.<sup>238</sup>

Documents produced to the Committee indicate that this summary of Mr. Breuer’s meeting was shared with Acting ATF Director Melson in anticipation of his February 8, 2011, meeting with the U.S. Ambassador to Mexico.<sup>239</sup> According to a summary of this latter meeting, Mr. Melson discussed with the Ambassador the possibility of controlled firearms deliveries, but the Department of Justice Attaché who was also present raised concern about the “inherent risk” of such joint operations:

Melson and the Ambassador discussed the possibility of allowing weapons to pass from the US to Mexico and US law enforcement coordinating with SSP and PGR to arrest and prosecute the arms trafficker. I raised the issue that there is an inherent risk in allowing weapons to pass from the US to Mexico; the possibility of the GoM [Government of Mexico] not seizing the weapons; and the weapons being used to commit a crime in Mexico.<sup>240</sup>

The documents obtained by the Committee do not indicate that any action was taken after this meeting regarding efforts to coordinate operations with Mexican authorities.

As described in the section above on the Hernandez case, the memo prepared for Attorney General Mukasey in 2007 similarly explained that “ATF would like to expand the possibility of such joint investigations and controlled deliveries—since only then will it be possible to investigate an entire smuggling network, rather than arresting simply a single smuggler.”<sup>241</sup> The memo provided to Attorney General Mukasey was explicit, however, in warning that previous operations “have not been successful.”<sup>242</sup>

## D. DEPARTMENT RESPONSES TO GUNWALKING IN OPERATION FAST AND FURIOUS

### **Inaccurate information initially provided to Congress**

On January 27, 2011, Senator Charles Grassley wrote a letter to the Department of Justice relaying allegations from whistleblowers that ATF-Phoenix had walked guns in Operation Fast and Furious.<sup>243</sup> On February 4, 2011, Ron Weich, the Assistant Attorney General for Legislative Affairs, sent a written response that stated:

[T]he allegation described in your January 27 letter—that ATF “sanctioned or otherwise knowingly allowed the sale of assault weapons to a straw purchaser who then transported them into Mexico”—is false. ATF makes every effort to interdict weapons that have been purchased illegally and prevent their transportation to Mexico.<sup>244</sup>

As this report documents, it became apparent during the course of the Committee’s investigation that this statement in the Department’s letter was inaccurate and, on December 2, 2011, the Deputy Attorney General formally withdrew the Department’s February 4th letter.<sup>245</sup> On the same day, the Department provided the Committee with more than 1,000 pages of internal emails, notes, and drafts from all of the parties involved in the drafting of the February 4 letter, as well as a lengthy explanation of how the inaccurate information was included in the letter. According to the Department:

Department personnel, primarily in the Office of Legislative Affairs, the Criminal Division and the Office of the Deputy Attorney General, relied on information provided by supervisors from the components in the best position to know the relevant facts: ATF and the U.S. Attorney’s Office in Arizona, both of which had responsibility for Operation Fast and Furious. Information provided by those supervisors was inaccurate.<sup>246</sup>

The documents obtained by the Committee and the interviews conducted by Committee staff support this explanation.

Documents obtained by the Committee indicate that, during the drafting of the letter, senior ATF officials insisted that ATF-Phoenix had not allowed guns to walk in Operation Fast and Furious. Detailed notes of a meeting with Acting Director Melson taken by a Department of Justice official state that ATF “didn’t let a guns [sic] walk,” and “didn’t know they were straw purchasers at the time.”<sup>247</sup>

Additional notes taken of a meeting with Deputy Director Hoover state that “ATF doesn’t let guns walk,” and “we always try to interdict weapons purchased illegally.”<sup>248</sup>

Both Acting ATF Director Melson and ATF Deputy Director Hoover told the Committee that they did not intend to mislead the Department or Congress and that they sincerely believed that guns had not walked in Operation Fast and Furious at the time the letter was drafted.<sup>249</sup>

The U.S. Attorney’s Office in Arizona also adamantly denied allegations of gunwalking. On January 31, 2011, U.S. Attorney Burke wrote to senior Department officials that the allegations “are based on categorical falsehoods.”<sup>250</sup> Mr. Burke and the Chief of the Criminal Division at the U.S. Attorney’s Office sent a series of emails over the course of that week continuing to deny the allegations and pressing for a strong response.<sup>251</sup>

In his interview with Committee staff, U.S. Attorney Burke stated that, after later learning about the scope of gunwalking in Operation Fast and Furious, he deeply regretted conveying “inaccurate” information to senior Department officials drafting the February 4 response, but that it “was not intentional.”<sup>252</sup>

The Committee was not able to interview one witness from the U.S. Attorney’s Office, the former Criminal Chief, Patrick Cunningham. In a letter on January 19, 2011, Mr. Cunningham’s attorney informed the Committee that he was exercising his Fifth Amendment right against self-incrimination. The letter stated:

I am writing to advise you that my client is going to assert his constitutional privilege not to be compelled to be a witness against himself. The Supreme Court has held that “one of the basic functions of the privilege is to protect innocent men.” *Grunewald v. United States*, 353 U.S. 391,421 (1957); *see also Ohio v. Reiner*, 532 U.S.17 (2001) (per curiam). The evidence described above shows that my client is, in fact, innocent, but he has been ensnared by the unfortunate circumstances in which he now stands between two branches of government. I will therefore be instructing him to assert his constitutional privilege.<sup>253</sup>

During his interview with Committee staff, U.S. Attorney Burke stated that Mr. Cunningham adamantly denied that gunwalking occurred in Operation Fast and Furious.<sup>254</sup> Similarly, Deputy Assistant Attorney General Weinstein informed Committee staff that Mr. Cunningham continued to assert that gunwalking had not occurred in Operation Fast and Furious after the February 4, 2011, letter.<sup>255</sup>

Within the Criminal Division, Mr. Weinstein informed the Committee that he offered to assist in the drafting of the February 4 letter “to be helpful,” but that he



had no independent knowledge of Operation Fast and Furious and relied on ATF and the U.S. Attorney's Office for information. He stated:

As the Department prepared its response, I and others in Main Justice were repeatedly and emphatically assured by supervisors in the relevant components who were in position to know the case best—that is the Arizona U.S. Attorney's Office and ATF leadership—that no guns had been allowed to walk in connection with Fast and Furious; and it was on that basis that the Department provided inaccurate information to Congress in the February 4th letter.

Now much attention has been paid to the sentence in that letter that reads, "ATF makes every effort to interdict weapons that have been purchased illegally and prevent their transportation to Mexico." As the documents you've received made clear, I and others at Main Justice received multiple assurances from the U.S. Attorney's Office and from ATF that this statement, like the other information in the letter, was true. ...

Given what I know now, of course, I wish I had not placed such faith in the assurances provided to me by the leadership of the U.S. Attorney's Office and ATF. But given what I knew then and given the strength of those assurances I believed at the time that it was entirely appropriate to do so. I trusted what was said to me and I firmly believed at that time that in fact ATF had not let guns walk in Fast and Furious. Obviously, time has revealed the statements made to me and others to be inaccurate, and that is beyond disappointing to me.<sup>256</sup>

Mr. Weinstein also explained why he did not raise concerns about gunwalking during the previous administration in Operation Wide Receiver in 2006 and 2007. During his interview with Committee staff, he stated:

Now some have said that because I knew about Wide Receiver at the time I assisted with the February 4th letter, I knew that statement to be untrue, and that is just not correct. Let me explain why.

Wide Receiver was an old case in which inappropriate tactics had been used in the investigative phase years earlier. This occurred under a prior administration, under a different U.S. Attorney's Office management and different ATF management. Because of the repeated assurances I and others received in February 2011, from the then current leadership of the U.S. Attorney's Office in ATF that guns had not walked in Fast and Furious and from ATF that it was making every effort to interdict guns, I did not make any connection between

Wide Receiver and Fast and Furious. For that reason, I simply was not thinking about Wide Receiver as I assisted with the February 4th letter which I understood to be about Fast and Furious.<sup>257</sup>

Mr. Weinstein also rebutted the allegation of an intentional cover-up:

Q: Mr. Weinstein, during the drafting of the February 4th letter, did you intentionally try to mislead Congress?

A: Absolutely not.

Q: To your knowledge, did Mr. Breuer ever try to intentionally mislead Congress?

A: Absolutely not.

Q: To your knowledge, did anyone else at Main Justice, during the drafting of the February 4th letter, intentionally try to mislead Congress?

A: Absolutely not.<sup>258</sup>

### **Request for IG investigation and reiteration of Department policy**

Soon after the Attorney General became aware of allegations relating to gunwalking in Operation Fast and Furious, he took several steps to address them. First, the Attorney General requested that the Inspector General investigate Operation Fast and Furious and the Department's response to Senator Grassley's letter.<sup>259</sup> Testifying before a Senate Appropriations Subcommittee, the Attorney General stated:

It is true that there have been concerns expressed by ATF agents about the way in which this operation was conducted, and on that I took those allegations, those concerns, very seriously and asked the Inspector General to try to get to the bottom of it. An investigation, an inquiry is now under way.

I've also made clear to people in the Department that letting guns walk—I guess that's the term that the people use—that letting guns walk is not something that is acceptable. Guns are—are different than drug cases or cases where we're trying to follow where money goes.

We cannot have a situation where guns are allowed to walk, and I've made that clear to the United States Attorneys as well as the Agents in Charge in the various ATF offices.<sup>260</sup>

On March 9, 2011, Deputy Attorney General James Cole hosted a conference call with Southwest Border United States Attorneys in which he reiterated the Department's policy against gunwalking. After the call, Mr. Cole followed up with an email summarizing the conversation:

As I said on the call, to avoid any potential confusion, I want to reiterate the Department's policy: We should not design or conduct undercover operations which include guns crossing the border. If we have knowledge that guns are about to cross the border, we must take immediate action to stop the firearms from crossing the border, even if that prematurely terminates or otherwise jeopardizes an investigation.<sup>261</sup>

### **Personnel actions**

Justice Department officials have explained that, although they are awaiting the findings from the Inspector General's investigation before making any final personnel determinations, they have removed the key players in Operation Fast and Furious from any further operational duties.

At the U.S. Attorney's Office for the District of Arizona, all of the key personnel have resigned, been removed, or been relieved of their relevant duties in the aftermath of Operation Fast and Furious. On August 30, 2011, Dennis Burke resigned as the U.S. Attorney.<sup>262</sup> In January 2012, the Chief of the Criminal Division, Patrick Cunningham, resigned his position and left the U.S. Attorney's Office.<sup>263</sup> The Section Head responsible for supervising Operation Fast and Furious resigned his supervisory duties in the fall of 2011, and the Assistant U.S. Attorney who was responsible for managing Operation Fast and Furious was moved out of the criminal division to the civil division.<sup>264</sup>

On August 30, 2011, the Justice Department removed Kenneth Melson as the acting head of ATF and reassigned him to a position as a forensics advisor in the Department's Office of Legal Policy.<sup>265</sup> On October 5, 2011, ATF removed Deputy Director William Hoover from his position and subsequently reassigned him to a non-operational role.<sup>266</sup> Also on October 5, 2011, ATF removed Assistant Director for Field Operations Mark Chait from his position and subsequently placed him in a non-operational role as well.<sup>267</sup> Deputy Assistant Director for Field Operations William McMahon was also reassigned as a Deputy Assistant in the ATF Office of Professional Responsibility and Security Operations on May 13, 2011, and was later reassigned to a non-operational position.<sup>268</sup>

ATF supervisors from the Phoenix Field Division have also been reassigned. Special Agent in Charge William Newell was reassigned to an administrative position as a special assistant in the ATF Office of Management.<sup>269</sup> Assistant Special

Agent in Charge George Gillett was reassigned as a liaison to the U.S. Marshal's Service.<sup>270</sup> The former Supervisor of Group VII, David Voth, was reassigned to ATF's Tobacco Division.<sup>271</sup>

### **Agency reforms**

On January 28, 2011, Deputy Attorney General James Cole sent a letter to Congress explaining that the Department was “undertaking key enhancements to existing Department policies and procedures to ensure that mistakes like those that occurred in Wide Receiver and Fast and Furious are not repeated.”<sup>272</sup> The letter detailed numerous reforms, including:

- Implementing a new Monitored Case Program to increase coordination between ATF headquarters and the field for sensitive investigations and to improve oversight;
- Clarifying the prohibition on gunwalking and providing guidance on responding to a gun dealer concerns about suspicious purchasers;
- Revising ATF's Confidential Informants Usage Policy and its Undercover Operations Policy and establishing committees on undercover operations and confidential informants;
- Providing training to personnel in ATF's Phoenix Field Division to address U.S.-Mexico cross-border firearms trafficking issues, improve techniques and strategies, and educate agents on the applicable law; and
- Restructuring ATF's Office of the Ombudsman by appointing a senior special agent as Chief ATF Ombudsman and adding a full-time special agent to handle agent complaints.<sup>273</sup>

Deputy Attorney General Cole also outlined key improvements to ensure the “accuracy and completeness” of the information the Department provides to Congress. The Department issued a directive requiring the responding component to ensure that it supplies Congress with the most accurate information by soliciting information from employees with detailed personal knowledge of the relevant subject matter. Ultimate responsibility for submitting or reviewing a draft response to Congress is assigned to an appropriate senior manager, according to the new directive. Finally, the directive emphasizes the importance of accuracy and completeness of the information provided to Congress over the timeliness of responding to requests.<sup>274</sup>

# V. RECOMMENDATIONS

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As its title indicates, the Committee on Oversight and Government Reform has two primary missions. Not only is it charged with conducting oversight of programs to root out waste, fraud, and abuse, but it is also responsible for reforming these programs to ensure that government works more effectively and efficiently for the American people. For these reasons, set forth below are ten constructive recommendations intended to address operational problems identified during the course of this investigation.

These recommendations for both Executive and Congressional action are not intended to be comprehensive or exhaustive, and some already may be under consideration or in various stages of implementation at the Department of Justice and ATF.

**Strictly Enforce the Prohibition on Gunwalking Across Law Enforcement Agencies.** Documents obtained by the Committee indicate that ATF lacked sufficient clarity regarding its operational policies and training for firearms trafficking cases. Following the public controversy over Fast and Furious, Acting ATF Director B. Todd Jones issued a memo strongly stating the Department’s policy against gunwalking, and the Attorney General has used his position to publicly reiterate this prohibition. These measures should be complemented by efforts within each Federal law enforcement agency to establish clear operational policies with respect to suspect firearms transfers and provide appropriate training for field agents and supervisors.

**Improve Management and Oversight of ATF Trafficking Investigations.** Documents obtained by the Committee reveal a lack of adequate communication between ATF field offices and headquarters about significant trafficking investigations. In several cases, deficient communication was magnified by disagreements between the field and headquarters about tactics and strategy. ATF should improve its management of investigations by requiring operational approval of all significant gun trafficking investigations by senior ATF officials in order to ensure consistent application of ATF policies and procedures.

**Require “Operational Safety Strategy” in Trafficking Investigations.** As part of its broader effort to improve management and oversight of significant trafficking investigations, ATF should require that each Operational Plan developed in the field include an Operational Safety Strategy that analyzes the risks to agents and the public of firearms potentially being released into

the community and sets forth appropriate operational safeguards. Senior ATF officials should approve these plans in order to ensure that each specific operation has sufficient resources to implement the safeguards intended to protect agent and public safety.

**Enhance the Accessibility and Responsiveness of the ATF Ombudsman.**

Documents obtained by the Committee indicate that Operation Fast and Furious was one of several deeply flawed operations run by ATF's Phoenix Field Division since 2006. Line agents reported to the Committee that they made their concerns about these controversial tactics public only after raising them first with their supervisors, but they stated that their concerns were not heeded. To ensure agents' concerns are communicated to ATF leadership, ATF should consider ways to improve its Office of the Ombudsman to make it more accessible and responsive to ATF line agents.

**Conduct a Review of the U.S. Attorney's Office in Arizona.** Documents and testimony received by the Committee indicate that the legal interpretations and prosecutorial decisions regarding firearms cases made by officials in the U.S. Attorney's Office in Arizona may differ substantially from those of other U.S. Attorneys' offices. Because it remains unclear to what extent these differences are the result of judicial, prosecutorial, or individual decisions, the Department of Justice should direct the Executive Office for United States Attorneys to conduct a thorough review of the Arizona U.S. Attorney's Office to ensure that it is doing everything it can to keep illegal guns off the streets and out of the hands of criminals.

**Expand the Multiple Long Gun Sales Reporting Requirement.** Numerous law enforcement agents testified before the Committee that obtaining reports on multiple purchases of long guns, including AK-47 variant assault weapons and .50 caliber semi-automatic sniper rifles that are now the "weapons of choice" for international drug cartels, would provide them with timely and actionable intelligence to help combat firearms trafficking rings. In July 2011, the Department of Justice issued a rule requiring such reports for weapon sales in certain states. Earlier this month, a Federal District Court upheld the rule, finding that "ATF acted rationally."<sup>275</sup> ATF should now expand the reporting requirement to apply to other states in which firearms trafficking networks are particularly active.

**Confirm or Appoint a Permanent ATF Director.** Consistent and strong leadership is vital to strengthening ATF and ensuring that policies and procedures are applied consistently. For six years, however, ATF has been forced to contend with temporary leadership because individual senators have blocked the confirmation of a permanent director. The Senate should

confirm a permanent director for ATF as soon as possible, and the President should consider a recess appointment if the Senate fails to do so.

**Enact a Dedicated Firearms Trafficking Statute.** During the Committee’s investigation, multiple law enforcement agents warned that there is currently no Federal statute that specifically prohibits firearms trafficking and, as a result, prosecutors often charge traffickers with “paperwork violations” such as dealing in firearms without a license. The agents testified that these cases are difficult to prove and that U.S. Attorneys’ offices frequently decline to prosecute. They stated that a Federal statute specifically dedicated to prohibiting firearms trafficking would help them disrupt, defeat, and dismantle firearms trafficking organizations. In July 2011, Ranking Member Elijah Cummings and Representative Carolyn Maloney introduced legislation in the House to establish such a firearms trafficking statute. Senator Kirsten Gillibrand has introduced a similar bill in the Senate. Congress should consider and pass this legislation without delay.

**Provide ATF with Adequate Resources to Combat Illegal Gun Trafficking.** Documents and testimony obtained by the Committee revealed that ATF line agents were drastically under-resourced, resulting in deficient surveillance of suspected straw purchasers and firearms traffickers. Over the past decade, ATF’s budget has not kept pace with its law enforcement responsibilities, particularly in light of the exponential growth in illegal firearms trafficking to Mexico. Congress should appropriate the additional resources ATF needs to perform its mission and combat gun trafficking along the Southwest Border.

**Repeal the Prohibition Against Reporting Crime Gun Trace Data.** To increase transparency by ATF and oversight by Congress, Congress should repeal the prohibition against reporting crime gun trace data and require ATF to provide yearly reports to Congress that include aggregate statistics about crime gun trace data categorized by State and Federal Firearms Licensee, as well as aggregate gun trace data for guns that are recovered in Mexico, categorized by State and Federal Firearms Licensee. This information will assist Congress in understanding the problem of gun trafficking along the Southwest Border and assessing ATF’s progress in fighting it.

## ENDNOTES

1 Letter from James M. Cole, Deputy Attorney General, Department of Justice, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform, *et al.* (Dec. 2, 2011).

2 *Id.*

3 Letter from Rep. Elijah E. Cummings, Ranking Member, House Committee on Oversight and Government Reform, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform (Nov. 4, 2011).

4 Letter from Rep. Elijah E. Cummings, Ranking Member, House Committee on Oversight and Government Reform, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform (Oct. 28, 2011).

5 Minority Staff, House Committee on Oversight and Government Reform, *Outgunned: Law Enforcement Agents Warn Congress They Lack Adequate Tools to Counter Illegal Firearms Trafficking* (June 2011).

6 Minority Members, House Committee on Oversight and Government Reform, *Minority Forum on Law Enforcement Tools to Stop the Flood of Illegal Weapons* (June 30, 2011).

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- 245 Letter from James M. Cole, Deputy Attorney General, Department of Justice, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform, *et al.* (Dec. 2, 2011).
- 246 Letter from James M. Cole, Deputy Attorney General, Department of Justice, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform, *et al.* (Dec. 2, 2011).
- 247 Handwritten Notes, Faith Burton, Special Counsel, Office of Legislative Affairs, Department of Justice, Meeting with Kenneth Melson, Acting Director, Bureau of Alcohol, Tobacco, Firearms and Explosives, *et al.* (Jan. 28, 2011).
- 248 Handwritten Notes, Faith Burton, Special Counsel, Office of Legislative Affairs, Department of Justice, Meeting with William Hoover, Deputy Director, Bureau of Alcohol, Tobacco, Firearms and Explosives, *et al.* (Feb. 1, 2011).
- 249 House Committee on Oversight and Government Reform, Transcribed Interview of Kenneth Melson (July 4, 2011); House Committee on Oversight and Government Reform, Transcribed Interview of William Hoover (July 21, 2011).
- 250 Email from Dennis Burke, U.S. Attorney, District of Arizona, to Jason Weinstein, Deputy Assistant Attorney General, Criminal Division, Department of Justice, *et al.* (Jan. 31, 2011).
- 251 *See, e.g.*, Email from Dennis Burke, U.S. Attorney, District of Arizona, to Jason Weinstein, Deputy Assistant Attorney General, Criminal Division, Department of Justice, *et al.* (Feb. 2, 2011) (requesting that the Department of Justice insert the following language into the Department's response to Sen. Grassley's January 27, 2011, letter: "Regarding the

allegations repeated in your letter that ATF in any way “sanctioned”, [sic] had knowledge of, or permitted weapons purchased on January 16, 2010 in Arizona to reach the Republic of Mexico is categorically false.”).

252 House Committee on Oversight and Government Reform, Transcribed Interview of Dennis Burke (Dec. 13, 2011).

253 Letter from Tobin Romero, Partner, Williams & Connelly LLP, Counsel, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform (Jan. 19, 2011).

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272     Letter from James M. Cole, Deputy Attorney General, Department of Justice, to Rep. Darrell E. Issa, Chairman, House Committee on Oversight and Government Reform, *et al.* (Jan. 27, 2012).

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