

Surveillance video obtained by CBS News shows suspected drug cartel suppliers carrying boxes of weapons to their cars at a Phoenix gun shop. The long boxes shown in the video being loaded in were AK-47-type assault rifles.

So it turns out ATF not only allowed it - they videotaped it.

Documents show the inevitable result: The guns that ATF let go began showing up at crime scenes in Mexico. And as ATF stood by watching thousands of weapons hit the streets... the Fast and Furious group supervisor noted the escalating Mexican violence.

One e-mail noted, "958 killed in March 2010 ... most violent month since 2005." The same e-mail notes: "Our subjects purchased 359 firearms during March alone," including "numerous Barrett .50 caliber rifles."

Dodson feels that ATF was partly to blame for the escalating violence in Mexico and on the border. "I even asked them if they could see the correlation between the two," he said. "The more our guys buy, the more violence we're having down there."

Senior agents including Dodson told CBS News they confronted their supervisors over and over.

Their answer, according to Dodson, was, "If you're going to make an omelette, you've got to break some eggs."

There was so much opposition to the gun walking, that an ATF supervisor issued an e-mail noting a "schism" among the agents. "Whether you care or not people of rank and authority at HQ are paying close attention to this case...we are doing what they envisioned.... If you don't think this is fun you're in the wrong line of work... Maybe the Maricopa County jail is hiring detention officers and you can get \$30,000 ... to serve lunch to inmates..."

"We just knew it wasn't going to end well. There's just no way it could," Dodson said.

On Dec. 14, 2010, Border Patrol Agent Brian Terry was gunned down. Dodson got the bad news from a colleague.

According to Dodson, "They said, 'Did you hear about the border patrol agent?' And I said, 'Yeah.' And they said 'Well it was one of the Fast and Furious guns.' There's not really much you can say after that."

Two assault rifles ATF had let go nearly a year before were found at Terry's murder.

Dodson said, "I felt guilty. I mean it's crushing. I don't know how to explain it."

Sen. Grassley began investigating after his office spoke to Dodson and a dozen other ATF sources -- all telling the same story.

Read Sen. Grassley's letter to the attorney