

Table of Contents

1. ATF OCDETF Strategic Plan	2
2. Attachment A	12
3. ATF OCDETF Funding and FTE Report	13
4. Attachment B	14
5. ATF Budget/FTE Summary	15
6. Summary of Proposed Funding from OCDETF	16

ATF OCDETF Strategic Plan

This briefing paper will serve to outline ATF's OCDETF Strategic Plan and funding requirements with relation to ATF's participation in the OCDETF program. In addition, this document will demonstrate that ATF is not provided equitable funding from the OCDETF Executive Office in relation to the OCDETF performance measures.

The ATF OCDETF strategic plan can be encompassed within two of ATF's Strategic Priorities: 1) Criminal Groups/Gangs and 2) Firearms Trafficking. The resources applied to support each of these goals and objectives are not mutually exclusive and align with the OCDETF Executive Office (EO) Priorities: 1) Southwest Border 2) Intelligence Driven targeting of Entire Organizations and 3) Follow the Money.

Violent gangs comprise the bulk of OCDETF investigations of which ATF is either a sponsor or participant. These gangs engage in an enormous range of violent criminal activity. From ethnic street gangs intimidating members of a community to Mexican drug trafficking gangs destroying the quality of life along the Southwest Border, ATF has annually initiated and participated in some of the most successful investigations dismantling these organizations. Gangs remain key distributors of narcotics in the United States, and are more sophisticated and flagrant in their use of firearms for violence and intimidation. Annually the number of gang-related ATF investigations has dramatically increased, meeting the OCDETF criteria, as well as ATF's strategic goals for reducing violent crime.

ATF OCDETF Strategic Priority: Apply innovative technologies to our expanding OCDETF efforts to identify, target, and dismantle those criminal gangs and organizations that utilize firearms in furtherance of violent criminal activity.

GOAL: Continue to utilize state and local intelligence to identify those criminal organizations that utilize firearms to further their illicit enterprise.

Initiative 1: Participate fully when resources are available in established OCDETF Strike Task Forces, DEA Task Forces, and state and local task forces.

Initiative 2: Develop and deliver specific, in-depth training on financial investigations and on criminal groups and gangs directly related to priority OCDETF targets.

ATF continues to be successful in conducting OCDETF investigations throughout the country. However, in a concentrated strategy, the OCDETF Southwest Region is where ATF is best able to align its investigative priorities with the established OCDETF targeting guidelines, and still focus on the Bureau's core mission area of reducing violent crime.

ATF OCDETF Strategic Priority: Reduce violent, drug-related firearms crimes by strengthening the gathering and analysis of firearms trafficking intelligence, and investigative activity.

GOAL: Interdict and prevent illegal firearms trafficking.

Initiative 1: Identify, investigate, and dismantle firearms trafficking organizations and individuals engaged in firearms trafficking through the deployment of integrated firearms enforcement teams supplemented by OCDETF to identified source areas nationwide.

Initiative 2: Improve our ability to detect and investigate firearms traffickers through the expansion and delivery of high quality, leading best practice OCDETF training programs for our agents, as well as our state and local partners.

Initiative 3: Effectively utilize new and existing technologies in undercover operations, along with OCDETF resources, in efforts to identify and attack organizational hierarchies, and disrupt the command and control structure of gangs that are linked to Consolidated Priority Organization Target List (CPOT) or Regional Priority Organization Target List (RPOT) targets.

The ATF OCDETF Strategic Initiatives are intended to complement and enhance the domestic and international strategic component of ATF's responsibility under the DOJ Southwest Border Initiative and to align with the OCDETF Program Priorities. The ATF

OCDETF Initiative is designed to focus Bureau resources on its four affected border field divisions (Dallas, Houston, Los Angeles, and Phoenix) in order to combat firearms traffickers, violent gang related offenders, and armed narcotics traffickers along the U.S. - Mexico border. To further this important initiative, ATF is seeking funding for one intelligence research specialist in each of the four field divisions on the Mexican border to concentrate on the illegal flow of firearms to Mexico

During the last three fiscal years, ATF has been involved in 78 OCDETF investigations directly related to criminal activity along the Southwest Border. In support of enforcement initiatives that impact firearms trafficking to Mexico, ATF has entered into a partnership with the government of Mexico to deploy ATF e-Trace technology to the National Center for Planning and Analysis (CENAPI) with the eventual deployment of eTrace to other Mexican agencies such as Aduana (Mexican Customs), SSP (Federal Law Enforcement/Public Safety), CISEN (Intelligence), as well as other relevant law enforcement and intelligence agencies, in order to Fight Crime. Firearms tracing, using the eTrace technology, allows law enforcement agencies to identify trafficking trends of DTOs and other criminal organizations funneling guns to Mexico from the United States. Increased and enhanced tracing of firearms by Mexican authorities will inevitably produce greater intelligence and lead to the identification of additional suspects or sources of illegally trafficked firearms in all OCDETF cases. Consequently, the number of criminal prosecutions related to Southwest Border firearms trafficking will increase, thereby disrupting and dismantling more trafficking organizations that are smuggling weapons to OCDETF CPOT- and RPOT-linked targets. However, as in all strategic

initiatives, this is not limited to Border operations. By tracing the firearms used by the above organizations, ATF can utilize the results of the trace information and statistics to support other ATF initiatives, such as the Violent Crime Impact Team (VCIT) and Project Safe Neighborhood (PSN) that work in concert with OCDETF everyday. To further this important initiative ATF needs to ensure that firearms are being identified and traced correctly by our Mexican counterparts. It is imperative that the Mexican prosecutors and law enforcement officials involved in firearm and drug trafficking related investigations along the border receive proper training on firearms identification for tracing purposes. Investigative leads from recent significant firearms seizures have not been adequately documented due to a lack of training as to the significance of identifying serial numbers and other unique markings on the firearms recovered from drug cartels, kidnapping groups and related organized crime investigations. The Training will provide continuous training and technical assistance on firearms identification from a prosecutorial/case preparation standpoint, greatly improving the “time to crime” relative to firearms seizures/convictions. The training will improve the quality of criminal case preparation and overall cooperation between both countries. Funding is being sought for expenses related to an initial series of (20) twenty classes at the San Luis Port of entry to provide training to PGR prosecutors as well as vetted local and Federal law enforcement officials on firearms identification for tracing purposes. It is anticipated that the cost of this initiative to train (400) four-hundred Mexican officials annually will be approximately \$400,000.

ATF is also seeking additional OCDETF funding to address the lucrative secondary market for firearms in the State of Texas where 58% of all firearms traced from Mexico originate. This activity aligns with ATF's strategic goal of denying criminals access to firearms, and allows ATF to exploit its proprietary resources in a directed manner. Further, this initiative has the potential to act as a launching pad for ATF into RPOT- and CPOT-linked investigations. The DTOs operating in Mexico rely on firearms suppliers in order to enforce and maintain their illicit narcotics operations. Intelligence indicates these criminal organizations have tasked their money laundering, distribution and transportation infrastructures reaching into the U.S. to acquire firearms and ammunition. These Mexican DTO infrastructures have become the leading *gun trafficking organizations* operating in the Southwest United States and can be identified as the money laundering, distribution, and narcotics distribution cells for major DTOs in every major city where these organizations conduct drug trafficking operations. With our top priorities, work force and resources pointed at firearms trafficking investigations, these investigations will be vigorously pursued. An augmented flow of intelligence and increased numbers of "flip" cooperators are byproducts of the infancy phase of these types of firearms trafficking cases. Such leads hold a heavier hand and have a more devastating impact when coupled with OCDETF resources. To further this important initiative, ATF is seeking funding from the Executive Office to establish a firearms trafficking group within the Houston Field Division and co-locate the group at the Houston OCDETF Strike Task Force. The group will be staffed by one (1) Group Supervisor, **ATF** Special Agents, **ATF** Industry Operations Investigators and one (1)

Investigative Analyst. The estimated cost of supporting this initiative is \$ 2.1 million dollars annually.

To enhance the timeliness of firearms intelligence relating to OCDETF investigations, ATF is establishing a Regional Crime Gun Analysis Center based at the El Paso Intelligence Center (EPIC), staffed with ATF intelligence analysts and special agents. ATF is also positioning one Intelligence Research Specialist (IRS) in each of the four field divisions on the southwest border to support the team at EPIC. The team at EPIC will coordinate with the IRSs in the field divisions to gather, analyze, and disseminate intelligence from ATF investigations targeting firearms trafficking cases that involve OCDETF CPOT- and RPOT-linked along the Southwest Border. The team will also liaison with all participating agencies at EPIC to ensure intelligence gathered with the OCDETF Gate Keeper Initiative, the EPIC Gate Keeper Project, and the ATF Gunrunner Initiative is coordinated. Project Gunrunner is ATF's investigative, intelligence and training expertise to suppress firearms trafficking to Mexico, in partnership with the government of Mexico and other U.S. agencies. To further this important initiative, ATF is seeking funding for five positions to expand ATF's Gun Desk at EPIC – **ATF** intelligence research specialists and one (1) investigative analyst and **ATF** full-time GS-1811 special agent and they are also seeking **ATF** IRS positions to support the field divisions on the southwest border. The estimated cost of this initiative is \$1.925 million dollars annually.

In addition to sharing tracing technology, ATF is further collaborating with the Mexican government by deploying special agents to U.S. Consular offices in Hermosillo and Monterrey, with additional deployments planned for Baja California, Ciudad Juarez, and Tijuana in the near future, if funding is available. In this way, ATF will be able to work directly with their Mexican counterparts, taking advantage of real-time intelligence that will benefit drug-related firearms trafficking investigations on both sides of the Border. Intelligence sharing and transnational collaboration will provide valuable additional resources for ATF and its OCDETF partners. Those resources will be directed towards identifying violent gangs and firearms traffickers associated with OCDETF CPOT- and RPOT-related targets. To further this important initiative, a full-time GS-1811 special agent, salaried with OCDETF funds, is needed at each of the consulate offices in Baja California, Ciudad Juarez, and Tijuana. The estimated yearly cost of this initiative will be \$620,000.

In addition to the prior noted augmented funding ATF is seeking from the EO, ATF is also seeking to be fully funded from the EO for all FTEs working on OCDETF cases. ATF is proposing a gradual increase in the reimbursable amount to compensate for the years of underfunding of ATF's FTEs. For FY 2009, ATF is requesting the EO increase the reimbursement by 40% for a total of 76 FTE and at a cost of an additional 4.5 million dollars. In FY 2010, the increase would be an additional 20% for 91 FTE's (an addition of 3.1 million dollars of funding from the prior FY). In FY 2011, the increase would be an additional 20% for 109 FTE's (an addition of 3.7 million dollars of funding from the prior FY). In FY 2012, the increase would be another 20% for 130 FTE's (an addition of

4.3 million dollars of funding from the prior FY). Therefore, within 4 years ATF will be close to if not fully funded for FTEs and will only have to make minor adjustments yearly to keep ATF fully funded by the EO.

ATF's overall strategic plan to continually advance the goals of the OCDETF Program relies on adequate resources to carry out this important mission. ATF is a strong presence in the OCDETF Program (see Attachment A) and consistently participates in nearly 30 percent of all OCDETF cases each year. ATF sponsors 6 percent of all cases, yet receives only 2 percent of the OCDETF budget.

In addition to not receiving equitable funding from the OCDETF Executive Office with relation to ATF and its performance measures, ATF takes an additional financial hit from the Executive Office because it is not being compensated for the over burn of FTE hours (see Attachment B). ATF has consistently and increasingly over-burned FTEs each year, resulting in ATF having to spend appropriated funds to compensate for the difference between reimbursed funds (through OCDETF) and direct funding. The impact of ATF's FTE over burn in FY 2007 totaled approximately \$15 million in salaries and operating expenses. The result is that ATF expended more money from direct funds to advance OCDETF than OCDETF reimbursed the agency to cover the additional expenses. Although ATF participated in 268 OCDETF investigations in FY 2007, OCDETF funding essentially "dried up" after approximately 160 cases.

Proper OCDETF funding would enable ATF to expand its targeting of gangs and other criminal enterprises that meet both the criteria of OCDETF as well as ATF's strategic goals. In addition, with proper funding enhanced federal investigations can be perfected allowing investigators to develop more suspects, gather critical intelligence, and penetrate deeper into criminal organizations, thereby disrupting the efforts of violent offenders. Further, proper funding would allow additional special agents to be dedicated to OCDETF task forces, and permit ATF to sponsor and participate in many more cases each year. As a result, more firearms would be seized, more defendants would be identified and prosecuted, and greater public value would be brought to each investigation.

In summary, ATF now is under-funded in proportion to its 25-year commitment to OCDETF, and its consistently high volume of participation and sponsorship in OCDETF investigations. By strategically forecasting the direction of the Bureau's goals (such as the Southwest Border Strategy (SWB), VCIT, PSN, firearms trafficking) ATF can also anticipate an increase in participation in OCDETF, with new investigative partnerships formed daily with its OCDETF partners, as well as state and local authorities, surrounding this strategic plan.

ATTACHMENT A
 Summary Statistics Regarding ATF Performance in Selected
 OCDETF Categories
 FY05 – FY07

ATF Participation in OCDETF Cases

FY07	FY06	FY05
268 (26%)	257 (27%)	261 (26%)

ATF Sponsored OCDETF Cases

FY07	FY06	FY05
58 (6%)	70 (7%)	53 (5%)

ATF Performance
 (OCDETF Cases in MIS)

	FY07	FY06	FY05
Investigations	268	257	261
Indictments	385	1044	1269
Defendants	1424	2798	3659
Convictions	436	1470	2450

OCDETF Cases Involving Firearms Activity

FY07	FY06	FY05
490 (48%)	478 (49%)	487 (48%)

ATF OCDETF FUNDING AND FTE REPORT

ATF OCDETF BUDGET

FY08	FY07	FY06
\$11,151,000	\$11,381,000	\$11,173,000

FY 2008 BUDGET BREAKDOWN

Salary:	\$8,190,000
Fixed Costs:	\$1,499,000
Operational Budget and Case Support:	\$1,462,000

ATF, currently in its limited budgetary capacity, manages the allocation of operational funds, routinely disbursing an average of 80 percent on case-related expenses (purchase of evidence, informant subsistence, etc.), and applying the balance toward supporting OCDETF Regional Coordinator duties and responsibilities.

ATTACHMENT B

FTE and FTE over Burn Status

ATF is funded for **54 FTEs** in the FY 2008 OCDETF allocation. This number has remained constant for the past three fiscal years. At the end of each calendar year, ATF is required to report to the OCDETF Executive Office the number of FTEs expended or, “burned”. This report must break out, by Federal judicial district, the FTE burn rate by the following values:

- 1) FTEs expended through reimbursement (this number should not exceed 54), and
- 2) FTEs over and above the reimbursed level (“over burn”)

Although reimbursed for only 54 FTEs, in FY 2007 ATF expended **126 FTEs**. This represents an over burn of **72 FTEs**, which equals approximately **\$15 million** dollars when calculated at the approved cost model of a GS-13 Step 5.

Budget/FTE Summary

ATF Budget – 2 percent of total OCDETF budget

ATF FTEs – 54

ATF Sponsorship Involvement – 6 percent of all OCDETF cases

As noted above, ATF is funded for **54** FTEs and consistently participates in over 25 percent of all OCDETF cases, but receives only 2 percent of the OCDETF budget (FY07 figures).

ATF is dedicated to ensuring a cooperative partnership with the OCDETF program, but by this examination, it is clear that added attention needs to be given to funding and support, not just now but also in future budget proposals. All research and forecasting presented in this document clearly demonstrates ATF has increased participation in OCDETF-related investigations. Increased participation requires increased resources. ATF's goals and strategies are clearly aligned with those of OCDETF. ATF is seeking to receive greater parity in funding and resources commensurate with the Bureau's contributions and commitment to OCDETF.

Summary of Proposed Funding from OCDETF

(To Commence FY 2009)

<i>Firearm Tracing and Technical Training for Mexican Prosecutors and LEOs:</i>	<i>.4 Million</i>
<i>Firearms Trafficking Group – Houston Strike Task Force:</i>	<i>2.1 Million</i>
<i>EPIC – Regional Crime Gun Analysis Center:</i>	<i>1.1 Million</i>
<i>IRS Positions in the Field Divisions on the SW Border:</i>	<i>.825 Million</i>
<i>Mexican Consulate Positions:</i>	<i>.62Million</i>
<i>Total of Additional Funding to add to Yearly FTE Reimbursement:</i>	<i>5.1 Million</i>

Gradual Increase of FTE Reimbursement:

<i>FY 2009</i>	<i>FTE Reimbursement: 15.7 Million</i>	<i>Total Reimbursement 20.8 Million</i>
<i>FY 2010</i>	<i>FTE Reimbursement: 18.8 Million</i>	<i>Total Reimbursement 23.9 Million</i>
<i>FY 2011</i>	<i>FTE Reimbursement: 22.5 Million</i>	<i>Total Reimbursement 27.6 Million</i>
<i>FY 2012</i>	<i>FTE Reimbursement: 26.9 Million</i>	<i>Total Reimbursement 32.0 Million</i>

Total to be Reimbursed (Additional Funding and Yearly increase of FTE):

<i>FY 2009</i>	<i>Total Reimbursement: 20.8 Million (Increase From FY 2008: 9.6 Million)</i>
<i>FY 2010</i>	<i>Total Reimbursement: 23.9 Million (Increase From FY 2009: 3.1 Million)</i>
<i>FY 2011</i>	<i>Total Reimbursement: 27.6 Million (Increase From FY2010: 3.7 Million)</i>
<i>FY 2012</i>	<i>Total Reimbursement: 32.0 Million (Increase From FY2011: 4.4 Million)</i>