

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 – three (3) intelligence research specialists and one (1) investigative analyst and one (1) full-time GS-1811 special agent and they are also seeking four (4) 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>

Proposal

for

**A Firearms Trafficking Group, Criminal Enforcement
In Support of Project Gunrunner
Bureau of Alcohol, Tobacco, Firearms & Explosives
El Paso, Texas**

March 2008

For Internal Use Only

EXECUTIVE SUMMARY

The El Paso Field Office (EPFO), Dallas Field Division, is charged with the criminal enforcement activities dedicated to reducing violent crime and protecting the public throughout the Southwestern part of Texas. Currently the El Paso Field Office covers the counties of El Paso, Hudspeth, Culberson, Reeves, Jeff Davis, Pecos, Presidio, Brewster and Terrell, approximately 31,469 square miles of territory. Within the El Paso area of responsibility (AOR) there are two major cities in Mexico that are located directly on the U. S. Mexico Border, Juarez (El Paso) and Ojinaga (Presidio). The City of Juarez is the largest Mexican city along the U.S./Mexico border, supporting a joint population of approximately 2.2 million, many of whom cross both ways daily. Between El Paso/Juarez and Presidio/Ojinaga there are 7 controlled Ports of Entry (POE) into the U.S. In addition, the Santa Teresa, New Mexico POE is located approximately 16 miles from the City of El Paso.

El Paso County houses Fort Bliss and Biggs Airfield. Both are growing and troops are being relocated to this area. By 2013, the expansion will increase the population by an additional 100,000 people through troops and their dependants. This does not include the natural population growth throughout the area. An increase in gang activity and other violent crime is anticipated.

At this time the EPFO is staffed with ATF agents and 1 RAC and ATF Industry Operations has IOIs assigned to the El Paso Satellite IO Office. Due to the proximity of the border, and the increased violence along the border, the EPFO has directed its primary focus to firearms trafficking. Firearms trafficking investigations are manpower intensive, require long term commitments and require a variety of investigative techniques and resources; thus requiring a full time commitment from all agents in the EPFO. As a result, the EPFO has been unavailable to respond to and support all the communities within its AOR.

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In order to provide an adequate level of criminal enforcement to the El Paso AOR, and to ensure a proper span of control between supervisor and agent, the Dallas Field Division proposes the creation of a second criminal enforcement group (El Paso II) to be dedicated to support Project Gunrunner firearms trafficking investigations. In addition, we request approval of a new Resident Agent in Charge, an Investigative Assistant, the reassignment of Special Agents already assigned to the EPFO, strictly on a volunteer basis, and [ATF] additional agents to fully support both offices.

BUDGET

Resource estimates for a new field office include one GS-14 supervisor, [ATF] special agents and an investigative assistant. A request for one permanent change of station (PCS) would be necessary for the GS-14 supervisor and up to [ATF] for special agents.

The EPFO is currently in the process of obtaining new office space. The site survey has been completed and GSA is in negotiations with the lessor. At this time the location under consideration has ample space to accommodate both criminal enforcement offices and the industry satellite office. To facilitate the transition to the two groups it would be in the best interest of the Bureau to include the additional required space in the current space project. The anticipated completion date for the project is October 2008. The lease at present expires in June 2009.

RECOMMENDATIONS

While the Dallas Field Division recognizes the current state of budgetary resources throughout ATF, we feel that in order to significantly impact violent crime, firearms trafficking to Mexico, and to maintain ATF's status, the additional resources are needed. We recommend the following courses of action:

- Implement a new organizational code for El Paso II
- Acquire office space for [ATF] 1 RAC, 1 IA and [ATF] FO's
- Approve one PCS move of a GS-14 supervisor to El Paso II
- Approve up to [ATF] PCS moves of GS-12/13 special agents to EPFO and El Paso II
- Solicit agent volunteers from the El Paso Field Office, the Dallas Field Division, and the Bureau for both offices and reassign them as approved
- Advertise and hire one investigative analyst (GS-7/8)
- Provide all additional equipment to support El Paso II

550 N. Brand Blvd., Suite 800
Glendale, California 92101

March 25, 2008

784000:SPH
1100

MEMORANDUM TO: Assistant Director
Field Operations

FROM: Special Agent in Charge
Los Angeles Field Division

SUBJECT: Proposal for the Establishment of a Third Law Enforcement Field
Office in San Diego, California.

This correspondence is a proposal for the establishment of a third law enforcement group in San Diego, California (San Diego Group IV) and a request for additional resources in order to better support ATF's Southwest Border (SWB) initiative. San Diego currently has two law enforcement groups and a three agent Satellite office in El Centro, California was approved on March 13, 2008. These groups are responsible for two extremely large counties in California, to include San Diego County and Imperial County which cover the California/Mexico border from the Pacific Ocean to the state of Arizona.

The new San Diego SWB Field Office Group (IV) will be a component of the Los Angeles Field Division. This office will be responsible for any and all investigations involving ATF's jurisdiction, with a focus on international firearms trafficking and border gun violence. The office will target firearm traffickers, gun shows and violence along the border of California and Mexico. This group will develop liaisons with their Mexican counterparts with the assistance of the ATF Mexico Office.

With the activity generated by the San Diego Groups, it is also requested that a third Assistant Special Agent in Charge (ASAC) be approved for the Los Angeles Field Division. Most Federal agencies have a separate field division in San Diego due to the high level of work being conducted in Southern California and an ASAC stationed in San Diego would give ATF better representation at the command level.

The following information is provided per ATF O 100.166, Procedures for Processing Proposed Bureau Organizational Changes.

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DOJ-FF-30584

DISCRPTION OF PROPOSED CHANGE

It is requested that authorization be granted to establish a third Law Enforcement Group consisting of the following:

- One (1) Assistant Special Agent in Charge (ASAC)
- One (1) Resident Agent in Charge (RAC)
- One (1) Investigative Analyst (IA)
- ATF** Special Agents (SA)

The office would be under the jurisdiction of the Los Angeles Field Division and supervised by its own RAC.

REASON FOR CREATION

San Diego Field Office Group I, which is responsible for all Arson and Explosive investigations as well as the Gun Show Task Force, has **ATF** agents. Of those **ATF** agents, **ATF** is

ATF

ATF in San Diego. This leaves **ATF**

ATF San Diego Group II has **ATF**

ATF

ATF

Firearm

traffickers are distributing firearms to criminals/gang members in Southern California and are transporting these firearms across the boarder to drug cartels in Mexico. The drug cartel's violence is directly affecting the citizens of Southern California in their ongoing kidnappings, murders and gun battles over territories and drug distributions. Additional special agents, equipment and resources are needed to better combat this epidemic of violence and gun trafficking. This new Field Office would enable ATF to better support the SWB Initiative. No disadvantages have been identified.

ORGANIZATIONAL DESCRIPTION AND EXHIBITS

A designated new organizational code will be created. The name of the office associated with the new organizational code would be San Diego Group IV Field Office. The office would cover the geographical area of responsibility as designated by the Special Agent in Charge of the Los Angeles Field Division.

PROPOSAL IMPLEMENTATION

June 1, 2008 or as soon as staffing becomes available. The implementation plan will include the announcement of one ASAC position, one RAC position, hiring one IA position, and transferring or hiring the needed Special Agents.

IMPACT STATEMENT

There is no identifiable negative impact associated with this proposal. Additional agents in San Diego would have a significant positive impact on ATF's ability to assist state, local and federal agencies in regards to firearms trafficking, border violence and Project Gunrunner. ATF would be able to significantly impact our ability to proactively address firearms being trafficked to Mexico. An ASAC assigned to San Diego would give better command structure and Bureau representation.

COST ESTIMATE

The expenses incurred to relocate one ASAC and one RAC, the transferring of SA's and the hiring of an IA.

GSA Leased Space – San Diego currently has enough space to support an additional group and one ASAC.

Parking – An additional **ATF** parking spaces would be required.

Government Vehicles – **ATF** government owned vehicles for ASAC, RAC, and **ATF** agents.

ESA – Expenses – Computer equipment for newly hired special agents, assigned task force officers and support staff.

Radios/cell phones – **ATF** radios and cell phones would be needed for new agents and task force officers.

San Diego Group IV evidence vault would need to be built.

If you have any questions or would like further information concerning this proposal, please contact Karl G. Anglin, Assistant Special Agent in Charge, Los Angeles Field Division, (818) 265-2500.

John A. Torres

October 17, 2007

782000:RWE
3310

MEMORANDUM TO: Assistant Director
Field Operations

FROM: Special Agent in Charge
Houston Field Division

SUBJECT: Request to Create/Open Firearms Trafficking Group

The purpose of this memorandum is to request approval for the creation of an additional criminal enforcement group within the Houston Field Division dedicated to firearms trafficking investigations. This group would be located within the Houston metropolitan area, possibly co-located with the DEA OCDETF Strike Force.

It has been written on a number of occasions that the Mexican government has stated that the United States must do more to stop weapons from being smuggled into the hands of drug traffickers who are using them to kill Mexican soldiers and police. The creation of an enforcement group dedicated to investigating firearms trafficking cases would be a step towards reducing the number of weapons smuggled from the Houston metropolitan area into Mexico.

The National Tracing Center, using the Firearms Tracing System (FTS) looked at firearm traces for guns recovered in Mexico that were successfully traced back to a United States individual purchaser with a purchase date from June 1, 2002 to May 15, 2007 was analyzed for individual State(s) or Field Division impact. The study consisted of [REDACTED] ATF

ATF

The Houston Field Division covers 99 counties within the State of Texas. Eight (8) of those 99 counties lie directly on the border with Mexico. [REDACTED] ATF

ATF

HOCR-ATF A 000155

Assistant Director
Field Operations

ATF

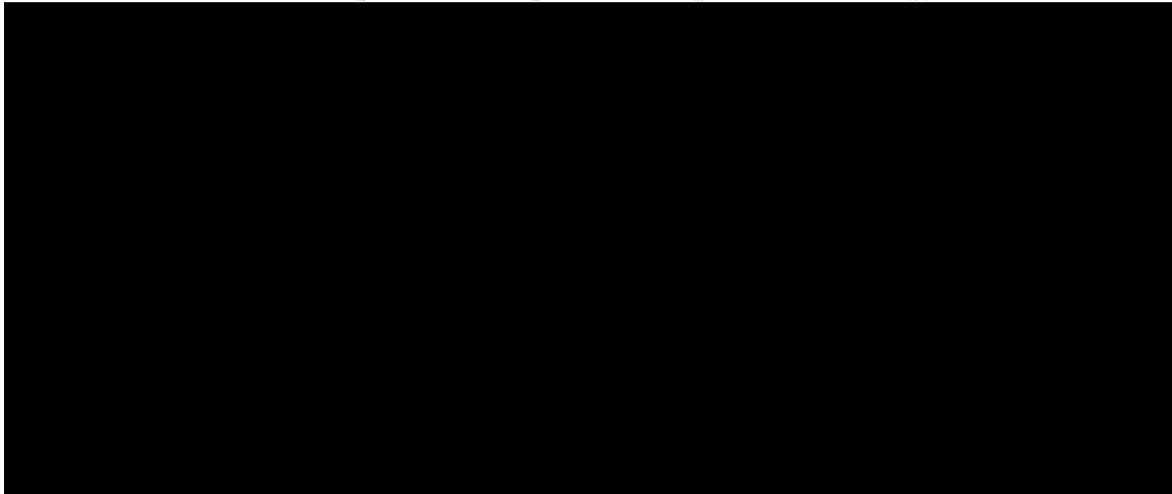
The study used NFORCE to determine if the individual purchaser's activities had been recognized and addressed by the ATF offices within the Houston Field Division. Of the ATF purchasers identified within the Houston area of responsibility, ATF found within NFORCE as part of a criminal investigation. This amounts to ATF already documented within NFORCE, either under active, pending or closed investigations.

ATF purchasers were entered ATF

In order to examine the extent of the problem within the Houston metropolitan area the Houston Field Division initiated a 90 day detail and pulled three (3) special agents from existing enforcement groups, and one Industry Operations Investigator (IOI) from within the Houston area to work on nothing but firearms trafficking investigations. The following is an example of the types of investigations that were opened in a 90 period, utilizing only three (3) special agents and one IOI:

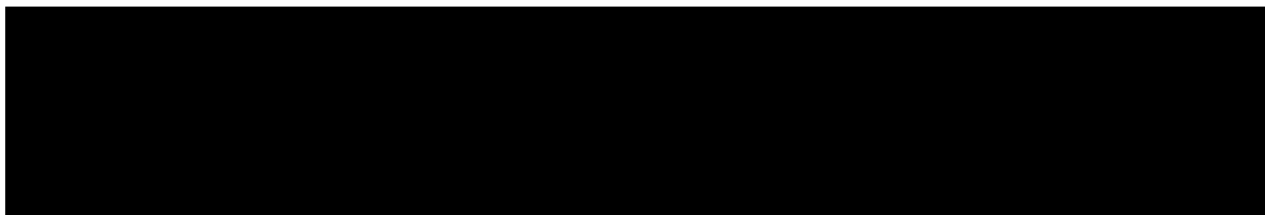
- [REDACTED]: A licensee inspection revealed sales to a person posing as an FFL in the amount of 143 firearms. It was learned that the actual FFL had been deceased for approximately one year. An interview was conducted and it was learned that the individual posing as the FFL did not have any receipts or any information on the purchasers of the firearms. All sales had been conducted at a gun show. It was later learned that the individual was also adding guns to the 4473's after sales had been made.
- [REDACTED]: Looking at a multiple sale form revealed that an individual had ATF. During an interview the purchaser admitted that the firearm was purchased for a friend in Mexico.
- [REDACTED]: A multiple sale form led agents to an individual, who indicated that her cousin had borrowed her ID to buy firearms. The cousin was currently in federal custody. The cousin had been arrested by DEA on a drug conspiracy charge. ATF obtained copies of [REDACTED]
- [REDACTED]: A multiple sales form led to the interview of an individual because of ATF. This individual indicated that he had only wanted to buy a single handgun and through his Aunt he had met another man. The individual paid for one pistol and gave the man his ID, but he never received his firearm. The individual interviewed was shown a copy of a 4473, which he indicated he had not signed and that the signature on the form was a forgery. It was learned that the Aunt was in the country illegally and that she was fleeing the United States to go back to Mexico to avoid local charges. The Aunt was located at her home packing her car to go to Mexico consent to search was obtained and three (3) firearms were recovered. During the search a music CD was recovered with the Aunt on the cover holding one of the guns

recovered. One of the songs on the CD glorified drug traffickers and guns.



The above are just a few examples of the types of cases that can be made by a group of special agents and IOI's dedicated to nothing but firearms trafficking investigations. During this 90-day period, it was further confirmed that Drug Trafficking Organizations (DTO) utilize their money laundering, distribution, and transportation infrastructures to acquire, transport, and distribute firearms in Mexico.

It was also learned that often times, a seemingly insignificant one time, two gun purchase led to a major investigation. Straw purchasing conspiracies are often directed by a single trafficker that recruits numerous straw purchasers to make one time buys to avoid detection. Because of the drug turf war raging in Mexico, assault rifles and riot shotguns are in high demand and traffickers stockpiling these long guns are not ordinarily detectable through the multiple sales reports but do become detectable when they make a one time, two gun purchase.



Even though no gun shows were attended during this period, we were able to confirm that gun shows continue to be a hot bed of criminal activity concerning firearms. Many leads were received that people suspected of dealing in firearms were doing so at the gun shows without obtaining an FFL.

Mexican gun recoveries referred to Houston during this 90-day period confirmed that many of the firearms being recovered from Mexican drug traffickers are acquired in the secondary market, primarily at gun shows and pawn shops confounding the tracing process. Many of the guns accumulated by non-licensed gun show dealers are acquired from pawn shops as well. Because of this, it becomes necessary to routinely canvass pawn shops and gun dealers that sell second hand guns to completely investigate a Mexican DTO gun recovery and develop leads into active Mexican DTO gun traffickers.

Assistant Director
Field Operations

Therefore, it is recommended that approval be granted to establish a firearms trafficking group within the Houston Field Division located in the Houston Metropolitan area. This group should be staffed by one (1) Group Supervisor, **ATF** Special Agents, **ATF** Industry Operations Investigators and one (1) Investigative Analyst.

Should you have any questions or wish to discuss this matter please feel free to contact me at (281) 372-2900.

James Dewey Webb

From: Atteberry, Thomas G.
Sent: Wednesday, March 30, 2011 12:54 PM
To: [redacted] ATF
Cc: ATF; Gillett, George T. Jr.; Newell, William D.
Subject: FW: FINAL ATF Phoenix Field Division Briefing for Acting Director June 10 2010
Attachments: FINAL ATF Phoenix Field Division Briefing for Acting Director June 10 2010.docx

Folks-we don't have to reinvent the wheel on this...maybe some "good updates" to the previous submissions would be good though for Acting Dir Melson and Dep Dir Hoover.

To include but not limited to, [redacted] ATF
[redacted] ATF and any other great cases you would like to highlight from your group.

Please have your information to DOD Simpson by Thursday COB April 7th.

Thank you
-Tom

From: Newell, William D.
Sent: Wednesday, March 30, 2011 11:04 AM
To: [redacted] ATF
Cc: ATF; Gillett, George T. Jr.; Atteberry, Thomas G.; Needles, James R.
Subject: FINAL ATF Phoenix Field Division Briefing for Acting Director June 10 2010

The Director and Dep Director are coming to Albuquerque on the 14/15th to attend an ATF Association conference and banquet. I have attached the last briefing book we did back in June, 2010. The front office is requesting an updated version.

[redacted] ATF - please coordinate the input from Industry Ops, ASACs, [redacted] ATF and Intel on updated IO/CE stats, new employees, case input per office, etc. I would take out the GRIT stats.

[redacted] ATF - please forward the latest org chart to [redacted] ATF

[redacted] ATF please update the IO stats used in this last version and forward to [redacted] ATF

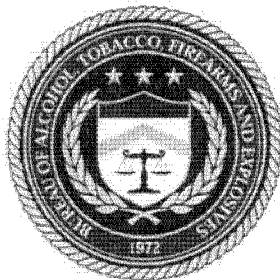
George/Tom - please get with each supervisor and provide 2-3 case examples per office. In some instances the ones used in this last version are still pertinent but just need updated. Using the latest SWB report cases would suffice for some offices. George, please have Intel update the CE stats listed in this last version.

If there is anything I missed please advise. Thank you.

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any form outside of the Bureau of Alcohol, Tobacco, Firearms & Explosives or the Department of Justice without express authorization is strictly prohibited.

ATF Phoenix Field Division



William D. Newell
Special Agent in Charge

June 10, 2010

James R. Needles
Assistant Special Agent in Charge

George T. Gillett
Assistant Special Agent in Charge

Nancy F. Cook
Director of Industry Operations

Table of Contents

Field Level Agents & Investigators	4
Firearms & Explosives Licensees	4
Firearms Trace Results Affecting the Division	5
United States Attorneys	5
Current Division Issues	6
Office Space Status and Concerns	6
Staffing Issues & Training Needs	7
Government Vehicles	7
Phoenix Group I (LE)	8
Yuma Satellite Office (LE)	8
Phoenix Group II (LE)	9
Phoenix Group III (IO)	9
Phoenix Group IV (Intelligence)	9
Phoenix Group V (Arson/Explosives)	10
Phoenix Group VI (IO)	10
Phoenix Group VII	10
Tucson Group I (LE)	11
Tucson Group II (LE)	11
Tucson Group III (IO)	12
Tucson Group IV (LE)	12
Albuquerque I Field Office (LE)	12
Albuquerque II Area Office (IO)	12
Las Cruces I Field Office (LE)	13
Las Cruces II Field Office (LE)	13
Roswell Satellite Office (LE)	13
Phoenix GRIT	13/14
Phoenix ATF Organizational Chart	15
ASAC Needles Organizational Chart	16

ASAC Gillett Organizational Chart.....17
DIO Cook Organizational Chart.....18

Field Level Agents & Investigators

- **94 Special Agents (SAs)** are assigned to the Phoenix Field Division (States of Arizona & New Mexico) as follows:

Phoenix [ATF]; Tucson [ATF]; Yuma [ATF]; Flagstaff [ATF]; Albuquerque [ATF]; Las Cruces [ATF]
Roswell (1)

- Investigation Statistics – Fiscal Year 2010 (Mid-year)
 - In FY-10 as of mid-year, 325 criminal investigations were initiated.
 - In FY-10 as of mid-year, 330 defendants were recommended for prosecution.
 - In FY-10 as of mid-year, 473 firearms were taken into ATF custody.
 - In FY-10 as of mid-year, 45,106 rounds of ammunition were taken into ATF custody.

- **38 Industry Operations Investigators (IOIs)** are assigned to the Phoenix Field Division as follows:

Phoenix [ATF]; Tucson [ATF]; Yuma [ATF]; Albuquerque [ATF]; Las Cruces [ATF]

- Firearms Statistics – Fiscal year 2010 (Mid-year)
 - In FY-10 as of May, IOIs completed 142 Compliance Inspections where 239 violations were discovered.
 - Resolved 936 inventory discrepancies
 - Discovered 25 unreported multiple sales
 - In addition, completed 196 new firearms application inspections to comply with statutory deadlines.
- Explosives Statistics – Fiscal year 2010 (Mid-year)
 - In FY-10 as of May, IOIs completed 81 Compliance Inspections where 55 violations were discovered.
 - No inventory discrepancies to resolve.
 - In addition completed (statutory deadlines) – 11 new explosives applications

Firearms & Explosives Licensees

- Federal Firearms Licensees (FFLs) & Federal Explosives Licensees (FELs) located in Arizona and New Mexico as of Fiscal Year 2010 (mid-year)
 - Arizona Active Federal Firearms Licensees (Type 01 & 02) – 1228
 - New Mexico Active Federal Firearms Licensees (Type 01 & 02) – 598
 - Arizona Active Federal Explosives Licensees (all types) - 154
 - New Mexico Active Federal Explosives Licensees (all types) – 110

Firearms Trace Results Affecting the Division

- Firearms traced during Fiscal Year 2010 (Mid Year)
 - ATF traced firearms were purchased from Arizona FFLs and recovered in Mexico
 - ATF of these firearms were purchased from Maricopa County (Phoenix)
 - ATF traced firearms were purchased from New Mexico FFLs and recovered in Mexico
 - ATF of these firearms were purchased from Bernalillo County (Albuquerque)
- Firearms traced in Fiscal Year 2009
 - ATF traced firearms were purchased from Arizona FFLs and recovered in Mexico
 - ATF of these firearms were purchased from Maricopa County (Phoenix)
 - ATF traced firearms were purchased from New Mexico FFL and recovered in Mexico
 - ATF of these firearms were purchased from Bernalillo County (Albuquerque)

United States Attorneys

- The United States Attorney in the Judicial District of Arizona is Mr. Dennis K. Burke. Mr. Burke's background has been at both the Federal and State levels. Prior to his current appointment, he was a Senior Advisor to Department of Homeland Security Secretary Janet Reno. The relationship with this office is improving and a concerted effort has been made by both the U.S. Attorney's Office and Phoenix Field Division personnel to strengthen the working relationship. However, immigration prosecutions continue to be a high priority within the District of Arizona and constitute approximately 65% of all prosecutions. All Federal law enforcement SACs, except those prosecuting solely immigration cases, have voiced concerns with the USAO about the lack of prosecution of violent crime, white collar, fraud/corruption, narcotics and other non-immigrations cases.
- The United States Attorney in the Judicial District of New Mexico is Kenneth J. Gonzales. Mr. Gonzales, a native New Mexican, received both his undergraduate and law degrees from the University of New Mexico. After law school, he served as a judicial law clerk to New Mexico Supreme Court Justice Joseph F. Baca. Mr. Gonzales then joined Senator Jeff Bingaman's Office as a legislative assistant. In 1999, Mr. Gonzales began his career as a federal prosecutor in the United States Attorney's Office in the District of New Mexico. During his tenure in the U.S. Attorney's Office, Mr. Gonzales primarily prosecuted large-scale narcotics trafficking cases, but he has prosecuted a wide range of federal offenses, including immigration, firearms and violent crime cases. Mr. Gonzales also served on the District's Anti-Terrorism Advisory Council, a network of local, state, tribal, and federal officials working together to detect, deter and prevent terrorism and promote national security. Mr. Gonzales replaced Mr. Greg Fouratt who during his tenure as U.S. Attorney greatly improved the relationship between his office and the ATF offices in New Mexico. We expect this great relationship to continue under Mr. Gonzales.

Current Division Issues

- The Phoenix Field Division continues to grow based on workload demand. The addition of several criminal enforcement and industry operations groups, as well as satellite offices, is well deserved and long overdue in order to ensure effective enforcement and regulatory oversight of the ATF mission in Arizona and New Mexico. However, the logistical details lag in comparison to the need and approval of the expansion. The division is left with a shortage of personnel, office space, vehicles, and equipment to complete the approved expansion. Attention needs to be given to properly and timely fill positions and acquire the office space and other equipment if mission success is to be accomplished. Efforts continue on behalf of the Phoenix Field Division to work with the various Directorates in ATF to remedy these issues.

Office Space Status and Concerns

- In response to operational demands, the Phoenix Field Division continues to grow. In May, 2009, Field Operations approved the creation of new enforcement and industry operations groups in support of Project Gunrunner. Therefore, more personnel will be assigned to the Phoenix Field Division office space. The existing office space is not large enough to accommodate these reporting personnel. With respect to the Phoenix Field offices, which include Phoenix Groups I, II, III, IV, V, VI, and VII there is a requirement for additional office space. Space has been identified on the 3rd floor of the building and the field division is coordinating with RBOB with the development of the design intent drawings for build out and costs.
- The Tucson Field Offices are already in a critical state as there is no space to accommodate any more FTEs. A contract has been signed for the new office space in Tucson; however, the completion date for move-in will likely not be until 2011. Temporary office space has been acquired for the GRIT. The temporary office space will have to be retained until completion of the new permanent space due to the lack of current space to handle the staffing needs. Additionally, there is insufficient and unsecure parking at the Tucson Federal Building, which currently houses three Field Offices and an Area Office.
- The construction of the new Flagstaff Satellite Office is approximately 95 percent complete. Arrangements are being made to move into the space by the end of June. The office furniture is scheduled to be delivered in the middle of June. One issue pending is the building occupancy permit for issues outside of the ATF office space.
- Yuma Satellite Office (LE) (Phoenix I) – No ATF space exists. ATF Special Agents and ATF Industry Operations Investigators are currently working out of the DEA Yuma Field Office. The past and current DEA SACs have agreed to continue to provide this space, but have recently indicated that they will be soon increasing their agency staffing and will need to reclaim their space in the near future.

- There is a requirement for office space to house the new Las Cruces II Southwest Border Group. Representatives from the Las Cruces Field Office Group I and II, ATF/Physical Security, and ATF/Realty and Building Operations completed a market survey on May 12, 2010. Eight offices were surveyed, but only one was accepted for the permanent space requirement. GSA will solicit a bid from this lessor. One building was accepted and will be solicited for the temporary requirement as well. GSA is currently working on the Solicitation for Offers for RBOB's review and approval. Space management is in the process of contracting space for the Roswell Satellite Office which falls under the new Las Cruces II Southwest Border Group.
- The lease in Albuquerque, New Mexico, is expiring on October 11, 2011. GSA hired a broker to negotiate the lease with the current landlord. ATF has just reviewed and approved the Solicitation for Offer or SFO (which is the basis of the lease). GSA's broker will give the landlord 45 days to respond to the SFO. It will take GSA six to eight weeks to negotiate the lease.

Staffing Issues & Training Needs

- Division Office Vacancies:
 - The DOO position has yet to be filled. In addition there is only one SOO (LE). We are in desperate need of an SOO (IO) and another SOO (LE) in order to ensure proper oversight of all the administrative requirements of the field division.
 - ASAC Assistant - Vacant
- Field Office Support vacancies:
 - Tucson II Field Office IA – Vacant for 6 years (Announcement #10-MER-277-DMH)
 - Tucson IV Field Office IA – New position (Announcement #10-MER-277-DMH)
 - Tucson III Field Office IOA – Vacant for 18 months
 - Phoenix Group II IA – Vacant for 3 years (Announcement #10-MER-277-DMH)
 - Phoenix Group IV (Intel) Secretary – Vacant for 2 years
 - Phoenix VI (IO) IOA – New position
 - Las Cruces II Field Office IA – Selection made, awaiting EOD
 - Albuquerque II Area Office IOA – New position
- Certified Fire Investigator (CFI) training. Another CFI is desperately needed for Arizona. We currently have only one CFI to cover the entire State of Arizona. We no longer have a CFI in New Mexico as he was recently assigned full time to the NRT.
- Certified Explosives Specialists: currently, there is not a CES assigned in the State of New Mexico.

Government Vehicles

- The allotment of vehicles received thus far in 2010 has helped to alleviate the shortage of GOV's in the Phoenix Field Division. However, there is still a shortage of reliable vehicles and with the addition of both criminal enforcement and industry operations

groups within the division, more vehicles are needed for the efficient and effective service to our mission.

Phoenix Group I (LE)

Group Supervisor **ATF**

ATF

Project ARROW

Project ARROW (Apprehend Released Repeat Offenders with Weapons) has been a highly successful program which was initiated within the Phoenix Field Division as a "worst of the worst" program. Since its inception in 2004, nearly 400 armed career criminals have been prosecuted and removed from the streets. Many area law enforcement officers credit Project ARROW with the near decimation of the Aryan Brotherhood leadership in Phoenix, Arizona.

Yuma Satellite Office (LE)

Reports to Phoenix Group I

Since its creation over three years ago this office has clearly proven that the decision to open an ATF LE and IO office in southwestern Arizona was a prudent one. The amount of Gunrunner and other violent crime investigations in the past several years coming out of this office has been outstanding and equally as important the reputation of ATF in this part of the State has improved exponentially especially due to the vastly decreased response time of ATF personnel. This office has also provided a very important liaison function with our Mexican LE counterparts and has provided training to both United States and Mexico law enforcement agencies on numerous occasions. Project GUNRUNNER is the focus of the efforts of this office situated on the U.S. and Mexico border.

Phoenix Group II (LE)

Group Supervisor [ATF]

Phoenix Group II investigates firearms-related violent crimes in the city of Phoenix and the associated metropolitan area. Proactive and historical investigations are worked utilizing undercover agents, surveillance, and record examination. Recent high-profile cases include the investigation of [REDACTED] [ATF]

[ATF]

[ATF]

A Federal indictment in this case is forthcoming. [REDACTED]

[REDACTED] is a case involving large amounts of undeclared purchases from an unlicensed

[ATF]

A strong working relationship with the Mesa

Police Department continues following great work this group has accomplished as part of the Mesa Violent Crime Impact Team (VCIT). The results have been arrests and perfected prosecutions of prohibited persons in possession of firearms to persons responsible for murders, serial burglars, kidnappers, and others.

Phoenix Group III (IO)

Area Supervisor [ATF]

Area of Responsibility: Western Arizona Counties of Yuma, La Paz, Mohave, and Yavapai. Phoenix III shares the responsibility of conducting industry operations in Maricopa County with Phoenix Group VI. This includes metropolitan Phoenix.

Satellite Offices and Staffing: Area Office located in Phoenix, Arizona, staffed with six industry operations investigator [ATF] GS-13, [ATF] GS-11, and [ATF] GS-9). Yuma Satellite Office co-located with ATF LE and staffed with three industry operations investigators [ATF] GS-13, [ATF] GS-12, and [ATF] GS-7).

Phoenix Group IV (Intelligence)

Group Supervisor [ATF]

The Phoenix IV Field Intelligence Group (FIG) is staffed with a Group Supervisor [ATF], Special Agent Intelligence officer, [ATF] Special Agent/Firearms Instructor Coordinator, [ATF] Intelligence Research Specialists (IRS), and [ATF] Investigative Analyst. The FIG is awaiting the recruitment of [ATF] additional IRS to be attached to the Tucson IV Gunrunner Group. The Phoenix FIG also hosts [ATF] attached NTC firearms Program Specialist, [ATF] Contract Firearm Trace Specialist, and [ATF] embedded foreign liaison officer (Republic of Mexico, Attorney General's Office or PGR). The Phoenix FIG remains in need of an Industry Operations Investigator, as well as a Secretary.

The Phoenix FIG focuses its efforts to support all Phoenix Field Division investigations throughout Arizona and New Mexico. Gunrunner cases and additional major cases are supported with intelligence analysis that includes investigative queries, link analysis, charting and mapping, as well as Pen link. The FIG currently supports the Phoenix GRIT (Gunrunner Impact Team), which is a 100-day detail for ATF special agents, industry operations investigators, and support personnel working on teams in the Phoenix, Tucson, and Albuquerque Metropolitan areas.

Phoenix Group V (Arson/Explosives)

Group Supervisor: **ATF**

This arson and explosives group has been heavily involved over the past three years with a long term, far reaching bombing investigation that has consumed much of the resources of this group. This group is also conducting a RICO investigation with suspects throughout the country. Coordination with other Federal agencies and police departments has been handled successfully by this group. Phoenix V has continued to support NRT call-outs, worked arson and explosive investigations, as well as **ATF** **ATF** and it supports additional field division efforts, to include

ATF

Phoenix Group VI (IO)

Area Supervisor: **ATF**

Area of Responsibility: Northeast Arizona Counties of Apache, Coconino, Gila, and Navajo. Phoenix VI shares the responsibility of conducting industry operations in Maricopa County with Phoenix III. This includes metropolitan Phoenix.

Satellite Offices & Staffing: Area Office located in Phoenix staffed with seven industry operations investigators **ATF** S-13, **ATF** S-12, **ATF** GS-9, **ATF** GS-7, and **ATF** S-5). Flagstaff Satellite will be co-located with Flagstaff ATF LE upon completion of space. No industry operations investigators are currently staffed at this location.

Phoenix Group VII

Group Supervisor: **ATF**

Phoenix Group VII was created under Gunrunner to specifically address firearms trafficking from the Phoenix metropolitan area that directly impacts Mexico. Phoenix VII is located at the Phoenix OCADETF Strike Force, thus fully incorporating the efforts of this ATF group into the larger mission of the Strike Force, which is to focus investigations on the command and control elements of the Sinaloa Cartel and Arizona-based distribution cells associated with the Cartel. The Phoenix OCADETF Strike Force is a multi-agency unit, with participation from Federal, state, and local agencies including DEA, ATF, IRS, ICE, USMS, Phoenix Police, and the Maricopa County Sheriff's Office. A premiere case for this group is

Operation Fast & Furious. This is a large scale OCDETF/firearms trafficking case with crime gun recoveries in Mexico or near the Mexican border. More than one million dollars in cash has been spent by suspects in this conspiracy to move over 1,500 firearms to Mexico. ATF is running [REDACTED] and is leading this multi-agency cast targeting this flow of firepower to Mexico drug trafficking organizations. This group currently has several other large-scale OCDETF investigations open which relate to firearms trafficking activity by the Sinaloa Cartel.

Tucson Group I (LE)

Acting RAC **ATF**

This group currently has the primary focus of investigations in support of ATF's Project Gunrunner. As soon as the Tucson IV Gunrunner Group, created in FY10 is fully operational Tucson I will transition to more of a general group with a focus on local firearms trafficking and violent crime issues not affecting the VCIT area, worked by Tucson II. Over the past several years Tucson Group I has established strong working relationships with the U.S. Border Patrol, as well as Customs and Border Protection. This group's primary focus has been on the trafficking of firearms from the Tucson metropolitan area to Mexico. This involves proactive investigations and operational activity of the sources of crime guns recovered in Mexico and the Tucson AOR, specifically but not limited to Gun Shows, FFLs, and Straw Purchasers of large quantities of "weapons of choice". Tucson Group I houses the Phoenix Field Division Border Liaison Officer (BLO) and enjoys a strong relationship with the DEA offices in Arizona, the Mexico PGR, and Mexico's intelligence Service - CISEN (it coordinates with ATF's office of International Affairs). The BLO and other special agents respond to firearms seizures in Mexican border towns near the international border ports of entry. They accurately capture seized firearms data and submit this data for comprehensive firearms tracing.

Tucson Group II (LE)

Resident Agent in Charge **ATF**

Tucson Group II is focused on disrupting the illegal source(s) of firearms destined to violent gangs and drug trafficking organizations operating throughout the Tucson metropolitan area. The group's focus is on the designated VCIT area, which currently encompasses the highest crime rate area in the City of Tucson. Many of these violent gangs and drug trafficking organizations have a direct nexus to Mexico; therefore, this group is proactive in those investigations dealing with firearms trafficking directly impacting the Tucson metropolitan area. This group enjoys support by Task Force Officers (TFOs) from the Tucson Police Department.

Tucson Group III (IO)

Area Supervisor **ATF**

Area of Responsibility: Southern Arizona Counties of Pinal Graham, Pima, Cochise, Greenlee, and Santa Cruz.

Satellite Offices & Staffing: Tucson, Arizona Satellite Office, co-located with ATF LE and staffed with **ATF** industry operations investigators **ATF** GS-13, **ATF** S-12, **ATF** S-9, **ATF** GS-8, and **ATF** S-5).

Tucson Group IV (LE)

Resident Agent in Charge - Vacant

As mentioned above under Tucson I this new group is still in the process of being set up. Upon graduation of the **ATF** new special agents in mid-July from the ATF National Academy a reorganization of the personnel in Tucson I and II will be conducted in order to ensure that this new group is staffed with a equal part new and experienced agents to ensure success.

Albuquerque I Field Office (LE)

Resident Agent in Charge **ATF**

The Albuquerque Field Office is responsible for conducting investigations of all ATF's jurisdictional violations in the counties comprising the north half of the State of New Mexico. Since July of 2009, this group has been working **ATF** operation named [REDACTED] ATF special agents **ATF**

ATF

Albuquerque II Area Office (IO)

Area Supervisor **ATF**

Area of Responsibility: Albuquerque Group II is responsible for all industry operations in New Mexico.

Satellite Offices & Staffing: Area Office located in Albuquerque staff with **ATF** industry operations investigators **ATF** S-13, **ATF** GS-12, **ATF** GS-9, and **ATF** GS-7). Las Cruces Satellite Office, co-located with ATF LE and staffed with four industry operations investigators **ATF** GS-13, **ATF** S-12, and **ATF** S-9). Roswell Satellite Office will be co-located with ATF LE and no industry operations investigators are currently staffed at that location.

Las Cruces I Field Office (LE)

Resident Agent in Charge **ATF**

This field office covers the southern half of New Mexico. This office has built an excellent working partnership with the U.S. Attorney's Office and police departments in New Mexico. This office also has a task force officer agreement with the cities of Hobbs, Roswell, and Deming. Plans continue for those officers, as well as ATF special agents, to be present in those cities located in the far corners of New Mexico. This will enable ATF to provide a more effective and efficient response to state and local violent crime issues, which historically have not received much ATF attention. A satellite office is now operating successfully in Roswell, New Mexico. The efforts of this group were recently highlighted when Erika GARCIA, a first offender straw purchaser, was convicted by jury trial and sentenced to 41 months federal prison. Guns she straw-purchased were recovered in crimes in Mexico. The U.S. Attorney's Office remains very excited about this result that conveys a very strong message to current and would be straw purchasers in New Mexico.

Las Cruces II Field Office (LE)

Acting Resident Agent in Charge **ATF**

The Las Cruces II Field office has been established as a Gunrunner Group. To date, no supervisor has been selected for this group, which also lacks support staff and a full staff of special agents. Still, this group has several firearms trafficking investigations started by crime guns recovered in Mexico with short times to crime. This group is building on strong relationships with the U.S. Border Patrol and DEA.

Roswell Satellite Office (LE)

Reports to Las Cruces II Field Office

The Roswell Satellite Office has been established to support project Gunrunner in this area of New Mexico. This office is currently housed in the Roswell Police Department and **ATF** special agent and **ATF** task force officers work violent crime and firearms trafficking investigations related to Mexico and Mexican border violence.

Phoenix GRIT

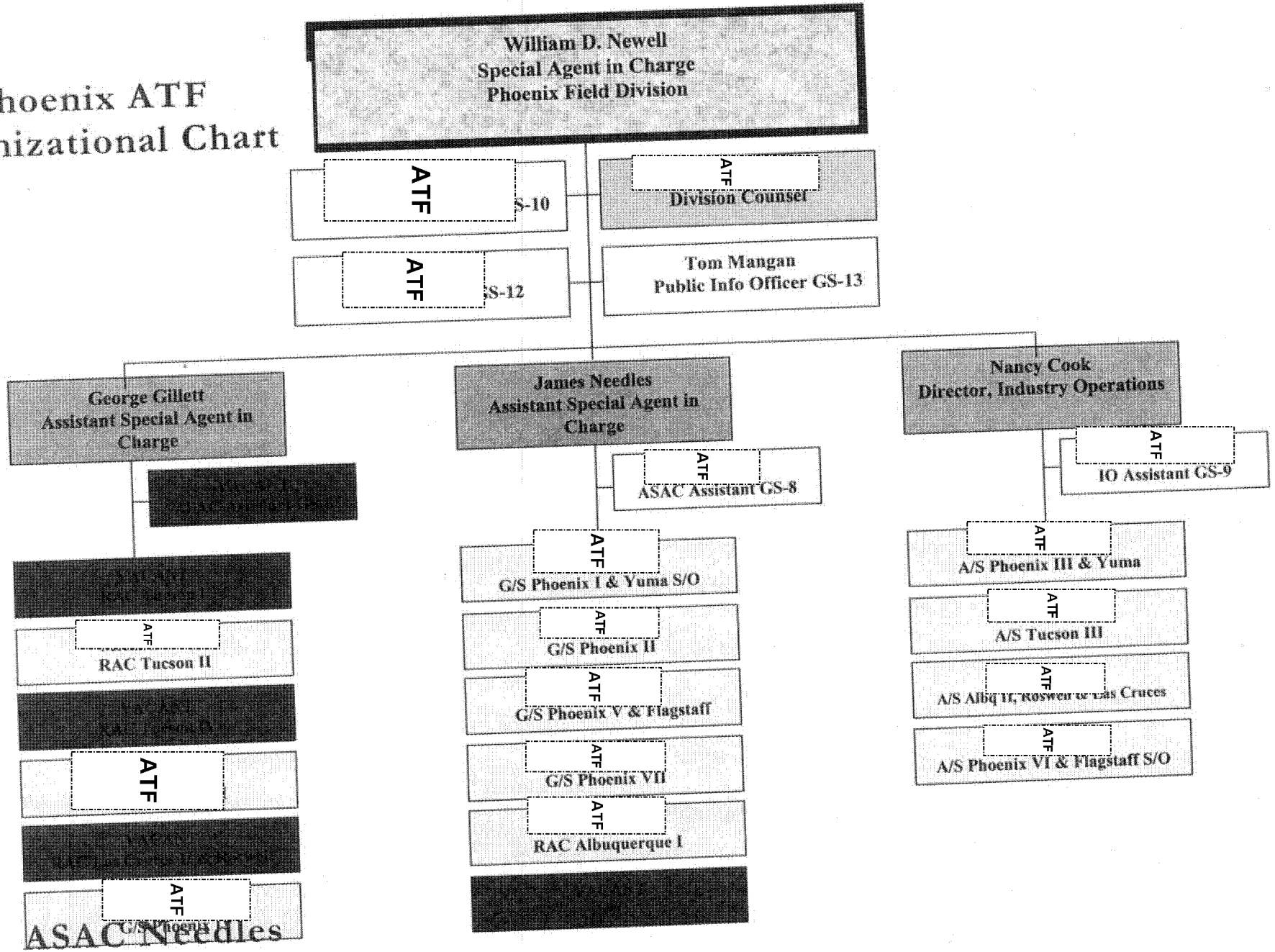
The Phoenix GRIT hosted its first briefing on May 11, 2010. Approximately 30 special agents, 20 industry operations investigators, as well as supervisors, intelligence analysts, and support staff attend this briefing. All were welcome by Special Agent in Charge William Newell. Assistant Special Agent in Charge James Needles and Director of Industry Operations Nancy Cook provided assignments and details for the work to be conducted. Industry Operations Investigators quickly began inspections of area Federal Firearms Licensees in Phoenix, Tucson, and Albuquerque. Special Agents were immediately plugged

into existing high-profile Gunrunner investigations. A fast start for this GRIT was facilitated with ATF Headquarters support to acquire space in Phoenix and Tucson as a base of operations for GRIT personnel. A process is in place to find and develop firearms trafficking leads related to Mexico. Additional personnel are expected and additional cases will be worked by the Phoenix GRIT.

The chart below denotes the first GRIT Performance Report, date May 20, 2010.

GRIT Performance for Reporting Period May 1 - 20, 2010			
	Reporting Period	Since Inception	
Number of Investigative Leads at the Start of GRIT (May 1, 2010)	N/A		ATF
Number of New Investigative Leads			
Total Leads			
Number of Leads Investigated		ATF	
Number of New Actual Criminal Cases Opened			
Number of Existing Investigations Supported by GRIT			
Number of Defendants Recommended for Prosecution	0		
Number of Referrals to U.S. LE Agencies	0		
Number of Liaison Activities with the Gov. of Mexico			
Number of Firearms/Other Evidence Seized/Recovered by ATF or Other LE Agencies Acting on ATF Information	ATF	Firearms	
	0	rounds of ammunition	
	0	blasting caps	
	0	\$ in currency	
	0	Cocaine	
	0	Methamphetamine	
	0	Marijuana	
Number of FFL Inspections Initiated		ATF	
Number of FFL Inspections Completed		ATF	
FFL Adverse Actions Recommended:			
Number of Warning Letters/Warning Conferences			
Number of Revocations (Recommended by Division and Concurred by HQ)	0		0
Number of Licenses Surrendered in Lieu of Revocation	0		0
Number of Criminal Enforcement Referrals Made by IOIs to ATF LE		ATF	

Phoenix ATF Organizational Chart



Organizational Chart

HOGR-ATF A 000175

James Needles
Assistant Special Agent in Charge
Phoenix Field Division

ATF

RAC Albuquerque

G/S Phoenix I/Yuma

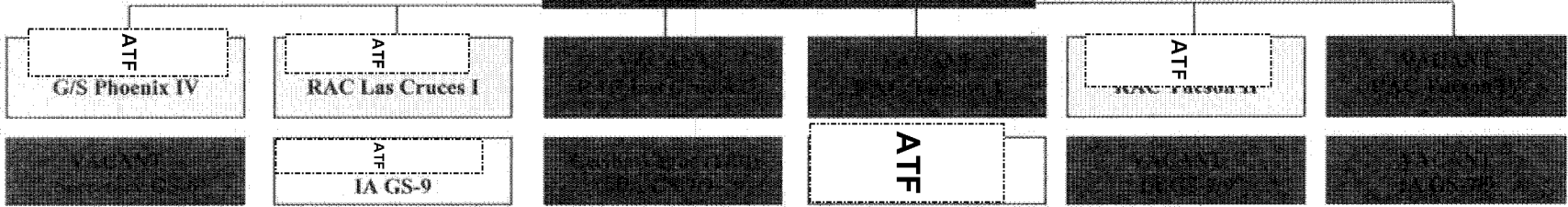
G/S Phoenix II

G/S Phoenix V

G/S Phoenix VII

ATF

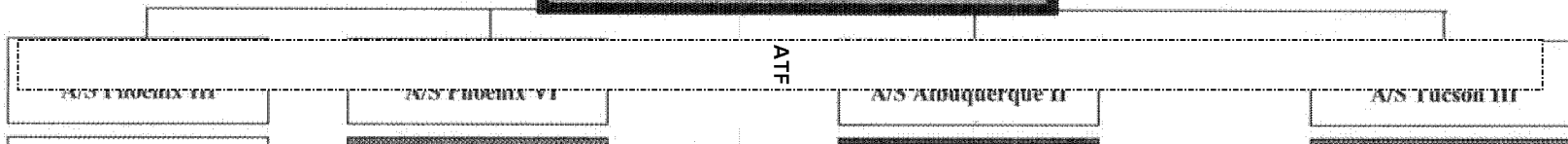
George Gillett
Assistant Special Agent in Charge
Phoenix Field Division



ATF

Organizational Chart

Nancy Cook
Director, Industry Operations
Phoenix Field Division



ATF

HOG-R-ATF A 000178

From: ATF
To:
Subject: FW: Project Southbound Group
Attachments: [Project Southbound Group.doc](#)

ATF

Chief, Field Management Staff
(Field Operations)

ATF

O ATF
F ATF
C ATF

From: ATF
Sent: Monday, April 07, 2008 2:12 PM
To: ATF
Subject: FW: Project Southbound Group

Do we need to do something with this?

ATF

DEPUTY CHIEF/FMS

ATF ATF

From: Newell, William D.
Sent: Friday, April 04, 2008 7:53 PM
To: ATF
Cc: Carroll, Carson W.; Needles, James R.; Gillett, George T. Jr.
Subject: Project Southbound Group

FYI. This is the proposal for the Phoenix Field Division's "Gunrunner" Group. As noted we have had a very successful OCDETF funded firearms trafficking effort since FY-04 named "Project Southbound". Our proposal is to expand this to an entire "Gunrunner" group, fully funded by OCDETF and co-housed with the DEA's proposed Phoenix-based OCDETF Strike Task Force. DEA is not proposing a similar effort in Tucson and neither should we since this Phoenix-based group, if approved, could cover that area by working closely with ATF Tucson Group I. The DEA SAC is fully supportive of this ATF effort.

HOGR-ATF A 000179

DOJ-FF-30611

MEMORANDUM TO: Assistant Director
Field Operations

THRU: Deputy Assistant Director – West
Office of Field Operations

FROM: Special Agent in Charge
Phoenix Field Division

SUBJECT: Request to Open a Firearms Trafficking Group

This memorandum serves to request approval for the creation of an additional criminal enforcement group within the Phoenix Field Division specifically dedicated to investigating firearms being trafficked from the United States to Mexico in support of the “Gunrunner” initiative. If approved this “Gunrunner” group would focus its efforts on the illegal trafficking of firearms to the violent drug trafficking organizations (DTOs) operating along the U.S./Mexico as well as the “Gatekeepers” that facilitate these DTOs’ illegal activities. This group would be located within the Phoenix metropolitan area and be co-located with the OCDETF Strike Task Force currently being proposed by the Phoenix DEA Special Agent in Charge (SAC) who fully support this ATF proposal and its co-location, if approved.

BACKGROUND

In FY-2004 the Phoenix Field Division’s “Project Southbound”, a focused approach at combating the illegal purchase and flow of firearms to Mexico, was approved as an OCDETF initiative. The mission of this strategy was and is to dramatically reduce the illegal acquisition, trafficking and use of firearms by members of Mexican DTOs by utilizing all resources that are available to ATF (i.e. NIBIN, National Tracing Center, ATF National Laboratory, DEA Special Operations Division, etc). Currently **ATF** Phoenix Field Division Special Agents, out of Group I, are assigned to “Project Southbound”. Even in FY-2004 when “Project Southbound” was proposed the Phoenix Field Division realized that the DTOs operating along the U.S./Mexico border were

preparing for an escalation of violence and needed U.S.-source firearms to carry out this activity. "Project Southbound" was and is an effort to stem this illegal flow of firearms to these violent groups. Since its inception this initiative has resulted in the seizure of 703 firearms, 43,692 rounds of ammunition, 12.5 kilograms of cocaine, one pound of methamphetamine, over 9,000 pounds of marijuana and approximately \$370,000.00 in U.S. Currency destined for violent DTOs and supporting groups in Mexico. It should be noted that the vast majority of these seized firearms are the "Weapons of Choice" ("WOC") of the violent Mexican drug traffickers, cartel members, and mercenaries (ie. Los Zetas) employed by the cartels to provide security and enforce their will upon opposing cartels, Mexican military and police authorities. Additionally, as part of the prosecutorial aspect of "Project Southbound" 193 case reports have been forwarded for prosecution charging 379 defendants.

STATUS

In the past two years the Phoenix Field Division has continued to fully support "Project Southbound" by supplementing the limited OCDETF funds allocated to it because of the importance of its primary focus on Arizona's growing problem of being a source and supply of firearms for DTOs operating in the Mexican States of Sonora, Chihuahua, Baja California and Sinaloa.

Recent "Project Southbound" firearms trafficking investigative efforts have led Phoenix Field Division Special Agents to suspects who are a serious threat to the safety of the public, and to the security of both the United States and Mexico. These individuals have engaged in criminal acts rivaling those of terrorist organizations operating in the Middle-East and of Colombian Narco-Terrorists who held the Colombian government at bay for many years in the 1980s and 1990's.

Examples of the direct link between such violent criminal activity and the Phoenix Field Division's area of responsibility include, but are not limited to, the following examples:

Jan. 18

- The bodies of two unidentified men were found wrapped in a blanket in Nogales, Sonora state, just across the border from Nogales, Ariz.
- The bodies of six unidentified people were found in an improvised grave in Chihuahua, Chihuahua State.

Jan. 19

- A U.S. Customs and Border Protection agent died during the pursuit of drug smuggler's vehicle near Yuma, Ariz. Border patrol agents were chasing two suspect vehicles that had illegally crossed the border from Mexico into Arizona. The agent was struck by one of the vehicles while he was placing spike strips in the road. Both vehicles then crossed back into Mexico.

Jan. 20

- Tijuana, Mexico – A Mexican AFI raid on the Arellano Felix Tijuana DTO led to the seizure “WOC” 24 rifles, “WOC” 19 disassembled rifles, 30,000+ rounds of assorted ammunition, 20 magazines, and an underground firing range. **ATF**

ATF

- Culiacan, Sonora – A Mexican Army operation led to the arrest of Alfredo Beltran Leyva, a key member in the Beltran Leyva DTO (Sinaloa Cartel), and the seizure of an AK-47 variant rifle, 8 handguns and \$900,000 in U.S. currency.

ATF

Jan. 22

- Mexico City – A Mexican AFI raid led on an **State/Privacy** safe-house led to the arrest of several members of an assassin squad and the seizure of 20 “WOC” rifles, 10 handguns, 12 grenade launchers, 30 fragmentation grenades, and a large amount of magazines and ammunition. **ATF**

ATF

Jan. 24

- Caborca, Sonora – A Mexican Army operation on the **State/Privacy** DTO led to the seizure of an M3AC .50 caliber semi-auto rifle, 12 other “WOC” rifles and a significant amount of ammunition. **ATF**

ATF

February 13

- Mexico City – An SSP raid led to the arrest of a Sinaloa DTO assassin squad and the seizure of 6 Springfield Armory .308 rifles, a Barrett .50 caliber rifle, an FN 5.7 pistol, 10 fragmentation grenades, 840 rounds of ammunition and over 30 magazines. **ATF**

ATF

February 13

- Juarez, Chihuahua - the Mexican Army seized an arsenal from a safe house that was discovered as a result of a shootout. The soldiers developed information about the location of the safe house in Colonia Pradera Dorada at one of the points where the apparent running gun battle took place and went to that location only a half hour after the shootout. While the soldiers were able to recover 25 long guns, 5 pistols, bulletproof vests, ammunition, radios, and 5 vehicles (3 of which had Sinaloa plates), no arrests were made as the gunmen had already

abandoned the house.

ATF

ATF

February 13

- Tucson – A DEA operation targeting members of the Sinaloan DTO seized a large quantity of cocaine, 12 RomArm AK-47 variants, 5 “WOC” handguns and several 75-round magazines. Found in one of the raided homes was 21 empty AK-47 variant boxes.

ATF

ATF

March 6

- A State Police and Mexican Army operation led to the seizure of 50 AK-47 variants, 28 AR-15 variants, 2 M-60s, 34 handguns, over 50,000 rounds of ammunition, 840 magazines – many of them of 75-100 round capacity, and over 430 kilos of marijuana. Traces are pending but it is expected that many of these firearms will be directly linked to the Arizona area and active Phoenix Field Division trafficking investigations.

March 20

- El Saric, Sonora – the bodies of two rural policemen kidnapped on March 17 were found executed near the “El Bellotoso” ranch near El Saric, west of the Mariposa crossing near Nogales, Sonora.

March 26

- Imuris, Sonora – Intelligence sources report one of two municipal police officers from Imuris was kidnapped by a group of ten to fifteen heavily armed individuals. The kidnapped police officer was later released and the other escaped. In La Mesa, Mexican law enforcement and military killed two of the suspected kidnappers in a shootout.

These are just a few examples which highlight the direct connection between firearms trafficking and the violent DTOs operating along the U.S./Mexico border. In Arizona, the spike in firearms violence perpetrated by members of Mexican DTOs, illegal aliens, and crimes against illegal aliens continue to capture headlines. These criminal acts include the murder of Phoenix Police Officer Nick Erfle, who was shot in the head and mortally wounded while conducting an investigation of a minor traffic violation; numerous kidnappings; home invasion robberies; and the unlawful imprisonments involving members of the Mexican community, both legal immigrants and undocumented aliens. All of these activities are related to the fight for power and territory by Mexican DTOs and all involve in one way or another firearms trafficking.

The assessment of firearms being trafficked to members of Mexican DTOs has shown that [ATF] firearms. This has been established by trace data compiled by the National Tracing Center, pursuant to firearms recoveries in Mexico. Investigations conducted within the Phoenix Field Division [ATF]

ATF

It has been well documented that Mexican DTOs utilize their money laundering, distribution, and transportation infrastructures to acquire, transport, and distribute firearms to and in Mexico. It is estimated that approximately \$1.2 million in narcotics profits crosses the border from Arizona to Mexico daily. In order to effectively address this issue from every angle it is vitally important that ATF coordinates enforcement efforts and shares intelligence with DEA. In addition and in order to effectively disrupt firearms trafficking to Mexico ATF must establish better liaison with Mexican law enforcement authorities. In many cases this liaison can be established through existing DEA contacts.

PROPOSAL

The proposed Phoenix firearms trafficking group will build on and greatly enhance the sustained accomplishments of "Project Southbound" as outlined previously. Its mission will fall in line with ATF's OCDETF Strategic Plan, the Southwest Region's "Gatekeeper" Initiative and the OCDETF Executive Office Priorities.

It is therefore recommended that approval be granted to establish a firearms trafficking group within the Phoenix Field Division located in the Phoenix metropolitan area. This group should be staffed by a Group Supervisor [ATF] Special Agents [ATF] Industry Operations Investigators (reporting to the Director of Industry Operations) [ATF] Investigative Analyst and [ATF] Investigative Research Specialist.

As outlined before this group would be co-housed with the OCDETF Strike Task Force currently being proposed by the DEA Phoenix Field Division. The DEA SAC is fully supportive of this joint venture.

If you have any question or need additional information please do not hesitate to contact me.

William D. Newell

From: ATF
To: [Hoover, William J.](#)
Cc: ATF
Subject: SWB Briefing Paper
Date: Monday, May 21, 2007 12:24:21 PM
Attachments: [SWB Briefing Paper.doc](#)

Use this one instead. . .

SOUTHWEST BORDER INITIATIVE BRIEFING PAPER

SUBJECT: The Southwest Border Initiative was organized by those ATF field divisions with jurisdiction contiguous to the U.S./Mexican border (Los Angeles, Phoenix, Houston, and Dallas), and is intended to reduce firearms trafficking into—and firearm related violent crime in—the Republic of Mexico.

PURPOSE: This briefing paper briefly outlines the proposed consolidated plan, and establishes goals for the Southwest Border Initiative (SWB).

ISSUES/PROBLEMS:

- Information sharing between U.S. and Mexican law enforcement agencies relating to firearms violence needs to be increased.
- Formalized liaison is needed between ATF special agents assigned to border areas and their Mexican law enforcement counterparts.
- There are limited manpower and resources available to ATF field divisions and field offices with jurisdiction over areas contiguous to Mexico.
- There is limited actionable intelligence related to firearms trafficking from the U.S. into Mexico and related firearms violence.

ACTION or FOLLOW-UP:

- Diplomatic and Law Enforcement Coordination
Special Agents in Charge or designee:
 - Coordinate meetings as needed with the offices of the Mexican Consular General and the U.S. Consular General to address implementation and ongoing maintenance of the initiative.
 - Establish the manner and instruments of information-sharing among ATF, other domestic law enforcement agencies, and the Mexican government related to firearms crimes and recoveries within Mexico.
- U.S. Federal Agency Cooperation and Intelligence
ATF will coordinate the resources of other interested Federal law enforcement agencies, and establish a SWB contingent within the El Paso Intelligence Center to act as a clearinghouse for information gleaned as a result of the initiative.
- Seizure Incident Responses
Field operations personnel within the affected offices will be identified as points-of-contact to provide the proper firearm investigative assistance to Mexican law enforcement.
- Provide Training
Short Term

- ATF will provide firearms identification training to appropriate Mexican law enforcement personnel in order to increase the effectiveness of firearms traces. Due to attrition and the rotational basis of these organizations' assignment practices, this needs to be conducted on an ongoing basis and at various venues.

Long Term

- Provide instruction in the proper use of the E-Trace application.
- Conduct firearms trafficking training structured specifically to the nuances of illicit firearms movement between the United States and Mexico.
- Increase explosives detection canine capabilities.

- Industry Operations' Role

Industry Operations personnel within the involved divisions will be tasked with identifying common source FFLs for firearms recovered in Mexico through the Trafficking Inspection Program (TIP), conducting secondary market inspections, and conducting outreach efforts to the industry.

- Mission Needs

Short Term

- Diplomatic passports and letters of authorization are needed from the U.S. Ambassador to Mexico for assigned personnel to enable them to carry firearms while completing assigned duties within Mexico.
- Mexico based cellular telephones.
- Level IV armored vehicle ("hard car") and Mexican insurance.
- SENTRI passes for expedited passage through border facilities.
- Discretionary funds for assigned personnel.
- Language training for assigned personnel.
- Personal investigative equipment (e.g., high resolution digital camera, etc.).
- Reproduction of ATF publications in Spanish (e.g., Firearms Identifiers and Tracing Guide).

Long Term

- Additional field/satellite offices in various locations with close proximity to the U.S./ Mexico border (i.e., Yuma, Sierra Vista, Douglas, Nogales, and El Centro), including Industry Operations and K-9 assets. Additional field offices within the affected divisions, centrally located, specifically tasked with the initiation of firearms trafficking investigations, targeting the identified trafficking corridors.
- Continued and expanded use of the National Integrated Ballistics Information Network (NIBIN) system incorporating evidence recovered in firearms-related violent crimes in Mexico.
- Highway traffic monitoring and interdiction programs in conjunction with the Department of Homeland Security and State Highway Patrol components.
- Additional Intelligence Research Specialists assigned to offices in border cities, as well as a dedicated SWB entity within the Southern California Regional Crime Gun Center (SCRCGC).

EXPECTED OUTCOMES:

- Achieve comprehensive tracing of viable suspected crime guns recovered in Mexico
- Reduce the number of unsuccessful traces.
- Increase NIBIN capabilities in border and trafficking corridor areas, as well as incorporate firearms recovered in Mexico.
- Increase prosecutions of U.S./Mexico firearm sources, leading to reduced firearms related violence in Mexico.
- Increase information sharing between U.S. and Mexico law enforcement agencies.
- Successfully analyze, identify, and monitor U.S./Mexico firearms trafficking and related firearms related violence.
- Establish a self-sustaining relationship with Mexican counterparts to ensure continued success.

STATUS (May 18, 2007)

Create SWB Gunrunner Branch at the El Paso Information Center (EPIC)

Chief - **ATF** (EPIC)

Program manager – Jose J. Ballesteros (assigned to EPIC, stationed in Houston)

Investigative Analysts (EPIC)

ATF Investigative Research Specialists (Vacancy Announcement, located at EPIC)

On May 14, 2007, the Phoenix Field Division SAC met with Dr. Abel Murrieta Guterrez, the Attorney General for Sonora, Mexico. He asked to meet with ATF to discuss ATF firearms and explosives training and firearms trafficking issues.

ATF SACs are traveling to Mexico City the week of June 11-15 to meet with the U.S. Ambassador, Mexican Attorney General Ramirez, Deputy Attorney General Vasconcelos, Director of Public Safety Genaro Garcia Luna, SSP Deputy Patricio Patino, ACIFA (Customs) Deputy Taviel Ruiz, and possibly CENAPI Director Ardelio Vargas. ATF will present a Spanish-language briefing about proactive ATF activities addressing their concerns about illegal firearms flow to Mexico. The presentation will discuss specific activities, division by division and on a national level, to focus attention on the issue. (It will not be a generic “you must trace your guns” speech.)

During the week of May 21, SAC Newell has scheduled a meeting with the Mexican Consul General, who is stationed in Phoenix. They will discuss firearms trafficking and border violence issues.

The Phoenix Field Division has been hitting Spanish media outlets in recent weeks with a Spanish version of “Don’t Lie for the Other Guy” campaign.

The El Paso RAC has recently met with the Sheriff of Luna County in New Mexico and offered assistance along with signing them up for E-Trace. The RAC has also met with the Police Chief of Columbus, New Mexico and the Sheriff of Brewster County, Texas. These three areas have

seen an increase in violence involving firearms. They are progressing with their investigations and have recently signed up a new Task Force Officer from New Mexico.

The El Paso RAC has helped to organize a firearms serial number restoration training class for the border area and it will also be attended by three Mexican National police officers who do restoration work in Mexico.

The Los Angeles Field Division has begun to provide firearms trafficking and interdiction training to the California Highway Patrol and other State and local law enforcement agencies with jurisdiction along the transportation corridors to Mexico. Incorporated in this training is point-of-contact information and protocols for ATF post-seizure response.

PHOENIX

The Phoenix Field Division has recently initiated

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ATF has identified and/or arrested numerous straw purchasers of "weapons of choice" in furtherance of ongoing firearms trafficking investigations, not only of guns going to Mexico but also to street gangs in Los Angeles and in the local area.

The Phoenix Field Division has initiated a Pawn Broker initiative as part of the Industry Operations National Pawnbroker Initiative. ATF is focusing on border FFLs and weapons of choice (.223s, 7.62s, etc.). This initiative is being led from the Tucson and Yuma offices.

OCDETF-funded "Operation Southbound" continues to be a model case for the Southwest OCDETF Region's "Operation Gatekeeper" due to ATF's ability to link these firearms directly to Mexican drug trafficking organizations and their intermediaries or "gatekeepers". To date ATF has seized 470 firearms, nearly 30,000 rounds of ammunition, narcotics valued at \$4.8 million, and nearly \$350,000 in cash as a result of this investigation.

On April 20-21, 2007, ATF agents assisted by ICE, the Mesa Police Department, and the Phoenix Police Department worked the Phoenix Gun Show, and agents initiated several cases related to "Operation Southbound". ATF recently identified a female subject who has purchased approximately 40 AR15 rifles in the Phoenix, Arizona area for the Arellano-Felix Organization. On March 31, 2007, a Tijuana Cartel drug kingpin and 8 other men (3 of them police officers) were arrested by the police in a safe house. According to the police, the kingpin is the chief assassin for the Tijuana Cartel. Thirty firearms were recovered at this location, including one AR15 rifle purchased by the recently identified straw purchaser.

To date, Phoenix Group I has initiated 134 cases related to the Southwest Border Initiative.

STAFFING/RESOURCES

The Yuma Satellite office is up and running, with ATF SAs and ATF IOI on board, all on detail. They are working out of the DEA Yuma Field Office. DEA is very grateful for the assistance and presence of the office and ready to assist in any way to ensure ATF gets what is

needed to succeed, as is the Sheriff of Yuma County, who is keenly aware of the need for an ATF office in Yuma, and the Chief of Yuma Police Department. ATF is in the process of identifying [ATF] agents and [ATF] IOI to permanently relocate to Yuma by October 1, 2007.

DALLAS

The Dallas Field Division has about 55 active SWB cases ongoing. The Intel Group continues to monitor SWB cases, provides assistance to the case agents, and maintains open communication with the other ATF border divisions and HQ Intel.

A Dallas Group III SWB investigation appears to have identified [ATF]

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HOUSTON

Houston I Field Office

[ATF]

To date, ATF has identified [ATF]. Some of these purchases have been made through individuals (straw purchasers) who receive up to \$500 per transaction. Houston Field Division special agents and IOIs enlisted the assistance of various FFLs to assist in this investigation.

In January 2007, IOIs provided information to agents regarding the multiple sales of [ATF] [ATF] identified by agents as the main subjects of this investigation. Special Agents from Houston Groups I and V discovered that some of the sales were related, involving the same type of firearms and same people at different FFLs.

Additional investigation revealed that the firearms of choice are .223 caliber and 7.62mm rifles, and Beretta and FN pistols. During a 15-month time frame, the organization has made a total of

[ATF]

[ATF]

In addition, the firearms recovered have been tied to 11 homicides committed by "hit men" from the Mexican drug cartels.

It is believed that this organization is being funded by at least two well known Mexican Cartels known as Gulf Cartel and Sinaloa Cartel. The following events involving firearms purchased in Houston have been reported in Mexico:

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Laredo Field Office

The Laredo Field Office is currently targeting members of the Zetas (Gulf Cartel Enforcers) drug and firearm trafficking organization who are operating out of the Laredo and Dallas areas. These individuals are involved in the large-scale trafficking of cocaine to Dallas, Texas via tractor trailers. After the cocaine reaches Dallas, the trucks are then re-loaded with firearms and ammunition and shipped back to Mexico through Laredo. The firearms are being purchased primarily through gun shows; however, straw purchasers are also being used to buy from Federal firearms licensees.

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to protect their drug and firearms stash houses. The majority of these gang members are convicted felons and commonly use firearms while they protect the stash houses.

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McAllen Field Office

Since December 2006, ATF's McAllen, Texas Field Office has been conducting

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investigation continues.

LOS ANGELES

Gun Show Task Force

This task force represents a collaborative effort using dedicated resources from the U.S. Attorneys Office and the Los Angeles District Attorney - Riverside County office. ATF will coordinate with these partners and target illicit sources of firearms at suspect area gun shows using criminal enforcement and industry operations resources and personnel from the California Department of Justice and the Los Angeles Sheriffs Department. These shows represent a significant source of Mexico-bound firearms from secondary markets.

San Diego Field Office

On May 14, 2007, the federal intelligence chief (AFI) for Baja California, was murdered in Tijuana, MX. Two hours after being abducted, he was shot twice, strangled, and had the index finger on his right hand cut off.

On May 16, 2007, an ATF special agent in San Diego was advised by his Mexican Federal law enforcement counterpart that two of the weapons involved were in custody. The SA retrieved the necessary trace information for two firearms. The National Tracing Center (NTC) advised t

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ATF Agents are currently attempting to locate the suspect.

On May 18, NTC advised that

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ATF agents are currently attempting to locate

Riverside Field Office

HOMICIDE – 7 law enforcement personnel in Acapulco, Guerrero, MX

On February 6, 2007, seven law enforcement employees were murdered during attacks on two State Investigative Police offices of the Guerrero State Attorney General in Acapulco, Guerrero, Mexico. On that same date, a Smith and Wesson SIGMA model 9mm caliber pistol was recovered with other weapons in the vicinity. The firearm was traced through state records to the Riverside, California purchaser. The purchaser, who was born in Mexico, advised agents that he

had provided the firearm to a Mexican national relative in December 1997, and that the pistol was driven to the recipient's home in Rosarito, Baja California, Mexico. The relative confirmed this information with ATF, and the reports and suspect information were provided to the Consul General.

Los Angeles Field Office

On March 16, 2007, \$207 million in cash, seven firearms and two silencers were seized from a pseudoephedrine trafficking organization headed by a Chinese-born Mexican citizen. This network is believed to be connected with the methamphetamine producers in Mexico. The seizure was connected to an investigation into an alleged front company, [REDACTED], believed to have imported large quantities of the ingredients needed to make methamphetamines from Asia. The investigation began in December after officials seized 19.5 tons of pseudoephedrine in the Pacific port of Lazaro Cardenas.

ATF is working the investigation jointly with DEA. Subsequent traces of the guns recovered found [REDACTED]

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Subsequent traces of the guns recovered found that they originated in [REDACTED]

ATF

[REDACTED] ne was traced back to an individual named [REDACTED]. Investigation is currently being worked jointly with DEA by ATF SA [REDACTED]

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



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ATF Intelligence Assessment



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(U) 2009 Project Gunrunner Assessment

EXECUTIVE SUMMARY

(U//LES) This report is an assessment of armaments illegally acquired and trafficked to Mexico in 2009, focusing on the drug trafficking organizations (DTOs), through the examination of the illegal acquisition, transportation, distribution, and recovery of these arms. The primary objective of this assessment is to provide information in support of Southwest border trafficking investigations and/or to assist operational planning and support initiatives. It was developed by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), Southwest Border-Field Intelligence Support Team, El Paso Intelligence Center (EPIC), International Affairs Office (IAO), and the Violent Crime Analysis Branch, with assistance from the Field Operations Division and the National Tracing Center.

(U//LES) The Cartel Controlled Landscape and Firearms Trafficking portion section in this report provides an overview of the DTOs' ongoing confrontations for control of territory in Mexico throughout 2009. The turf wars are still active as of the writing of this report, with ongoing violence especially in the Mexican border cities of Reynosa, Nuevo Laredo, Ciudad Juarez and Tijuana. There are drastic changes in DTO alliances in 2010. The Gulf and the Sinaloa cartels have aligned themselves with La Familia Michoacána to form the New Federation to fight Los Zetas.

(U//LES) ATF's Office of Strategic Intelligence and Information will be compiling a 2010 Executive Summary of the changes to the DTOs' structure and firearms trafficking methodology to immediately follow this report.

MEXICAN ORGANIZED CRIME – FIREARMS TRAFFICKING METHODOLOGY

(U) The Mexican cartels are multifaceted criminal enterprises that are engaged in narcotics trafficking, firearms trafficking, money laundering and various other types of criminal activity. The Mexican cartels operate worldwide as transnational criminal enterprises. There are scores of Mexican drug trafficking organizations (DTOs), all of which have various degrees of affiliation to a cartel. The U.S.-Mexico transportation methodology utilized by the cartels is the result of decades of countering enforcement operations through effective intelligence collection. As a result, they have established systems of layered compartmentalized organizations with limited operational knowledge to form acquisition, supply and transportation networks. These networks are highly successful and extremely resilient. The identification, interdiction and prosecution of these networks are extremely arduous.

(U) The cartels maintain a supply of firearms through a process similar to the practice known as the Pull System. Under this process the financing, acquisition, storage and transportation (supply chain) are performed by compartmentalized components in line with one another to minimize detection, disruption and prosecution. This is a demand-based process wherein ranking DTO leaders in Mexico acquire the needed firearms, explosives and other equipment by controlling

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the entire process through strict orders and oversight of the supply chain. The communications throughout the supply chain are of vital importance in maintaining control and give the leadership the ability to protect their interest and deflect or minimize any risks. In the event that one of the components (links) of the supply chain is compromised, that component can be replaced with minimal disruption to the rest of the chain because of the component's limited operational knowledge.

(U) The firearms supply chain contains two distinct component types that are tactically used in varying degrees. The first component type is directly managed and operated by DTO members. This type is mainly utilized in the financing, transportation, storage and distribution of firearms components in Mexico. The second component type is the outsourcing of services by the DTOs to independent operators. The straw purchaser component in any supply chain is comprised almost entirely by independent operators; The DTOs utilize independent operators within the United States to avoid risk to DTO members or when their resources are limited.

(U) The DTOs' demand for firearms soars when they encounter heavy military and law enforcement offensives against them and/or a spike in internal and territorial conflicts. In the quest to identify and dismantle the supply chain components, it is essential to know the cartel landscape, the territorial conflicts and the operational environment in Mexico. The assessment of the acquisition and trafficking of firearms by the Mexican DTOs is a very challenging task due to the ever changing alliances that make up the structure of each drug cartel.

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(U) The average penalty for firearms trafficking ranges from approximately 12 to 30 months. A person that confines their criminal activities to being a low-volume straw purchaser would have a good chance of receiving probation. There is a willing pool of firearms traffickers and straw purchasers because there is minimal risk of lengthy incarceration.

(U//LES) In examining just the magnitude of the weapons being recovered in Mexico, it gives the impression that identifying and stemming the flow would be easy. The volume of weapons does not equate to large shipments of weapons crossing the border. With all of the advanced detection equipment and highly trained personnel, we have not produced a pattern of massive seizures that the volume suggests, to substantiate this methodology. Furthermore, the vast majority of the seized weapons in Mexico do not come from seizures at the border. They are recovered when confronting DTOs and by raiding DTO hideouts and stash houses. Illicit weapons are confiscated at other crime scenes and checkpoints where the possessors are not

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related to a DTO. Based on this, it appears that the "ant trafficking" methodology is more likely the cross-border firearms transportation scenario.

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DTO SUPPLY CHAIN MODEL:

(U//LES) Beginning in September 2009, Arizona emerged as the source State for what appears to be DTO managed and operated supply chains affiliated with the Sinaloa cartel. The DTO solicited several straw purchasers in the Phoenix, Arizona, area. They began purchasing firearms in large quantities, several times in a month for DTOs. These independent operators would

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Some of the firearms, along with magazines and ammunition, were recovered while in transit or in stash houses along the border in Arizona and in El Paso, Texas. The location of these seizures is compatible with the Sinaloa's territorial control along the border in Mexico. The rest of the firearms were recovered in the Mexican States of Baja California Norte and Sur, Sonora, Chihuahua, Sinaloa, Guerrero and Durango. A full range of investigative avenues, techniques and resources have been implemented in order to identify the DTO operatives throughout the supply chain(s). Valuable information has been ascertained from this investigation. From the base storage locations in Phoenix, several border stash houses and multiple supply routes were identified.

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DTO OUT-SOURCING MODEL:

(U//LES) In November 2009, a significant firearms trafficking target was arrested following a 1,400-mile mobile surveillance by ATF from Minnesota to a Laredo, Texas, border crossing. Seized from his vehicle were nine FN 5.7mm rifles and pistols, and five Ruger and Berreta .380 caliber pistols. The target's criminal activity came to light in February 2009 while the SWB-FIST team was matching Mexican seizure events in 2008 to the corresponding firearms traces from NTC. The target purchased a single Ruger pistol that was recovered in southern Mexico in January 2008. Further research on the National Tracing Center records revealed that

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(U//LES) The target pleaded guilty and provided information as to his illegal firearms trafficking activities. He admitted that he was an independent operator that solicited the services of other straw purchasers, transported the firearms to southern Mexico and delivered them to the Mexican buyer. The buyer and two additional recipients of the firearms were identified. Based on information provided by ATF, the Mexican Secretariat of Public Safety (SSP) executed a search warrant and arrest warrant for the Mexican buyer that resulted in the recovery of 12 additional firearms. This case highlights the outsourcing firearms supply chain model.

MEXICO FIREARMS AND EXPLOSIVES SEIZURE EVENTS

(U//LES) The U.S. Government's ability to inspect the firearms and explosives seized throughout Mexico is limited. ATF and the Mexican military created the Combined Explosives Investigative Team (CEIT) to respond to major explosives seizure locations throughout Mexico. One of the main CEIT functions is to collect evidence for laboratory examinations. Currently there is not a similar joint unit to respond and collect evidence and conduct firearms examinations. In Mexico, all seized firearms must be turned over to the military within the short time period mandated by law. A formal request must be submitted to inspect the firearms once in military storage. All explosives are turned over to the military. There is a very limited amount of U.S. personnel available to respond to the location of the evidence. As a result, U.S. authorities must rely on Mexican authorities for this information.

(U//LES) The Government of Mexico (GOM) does not have a system in place to provide the United States Government with real-time official Government seizure event information that provides the recovery of all firearms and explosives in Mexico, the affiliation to organized crime groups and all the markings needed to trace these weapons. In the regularly scheduled

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GC Armas meetings in Mexico City. Mexican authorities provide U.S. authorities with a hard copy list of some of these seizure events. In most firearms and explosives seizures events, the Mexican authorities provide written press releases to media outlets throughout Mexico. In the larger seizure events, the authorities hold live press conferences and display the seized items and the people detained.

(U//LES) Since the inception of Project Gunrunner, ATF has compensated for the lack of official GOM seizure event information by collecting Mexican Government press releases and the open source reporting of firearms and explosive seizure events throughout Mexico. The information is collected and disseminated daily to our U.S. and Mexican law enforcement and military partners. It is essential to determine the identity of the DTO for each reported seizure event. Armed with this information, ATF would be able to effectively trace the weapons, analyze the data, and provide effective tactical and strategic intelligence that would severely disrupt U.S. commercial-sourced firearms trafficking to Mexico.

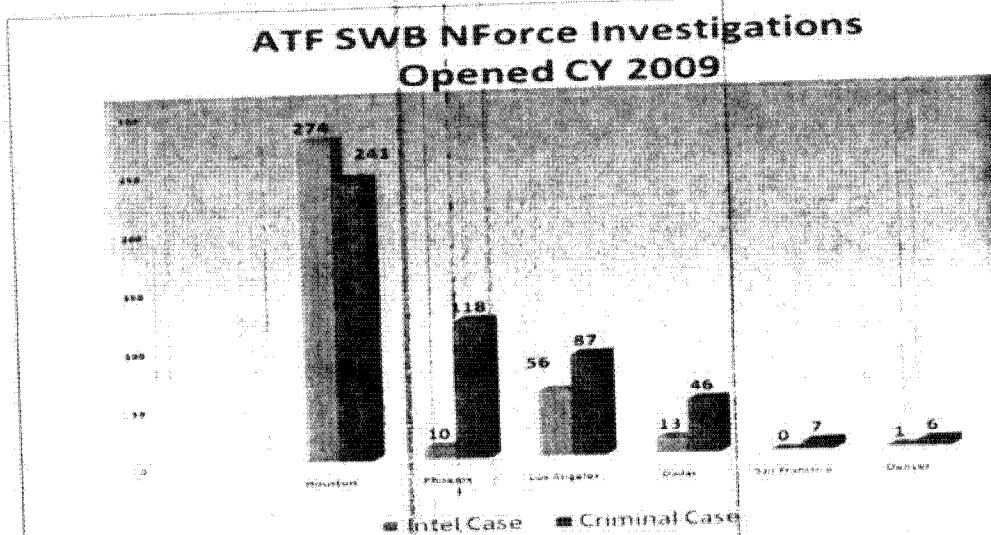
SOUTHWEST BORDER (SWB) FIREARMS TRAFFICKING INVESTIGATIONS

(U//LES) There were 2,410 intelligence and criminal cases opened in N-Force in CY 2009 with the investigative profile, Project Gunrunner (SWB-Southwest Border Project). The field divisions and the Mexico Country Office (MCO) opened 517 criminal cases. There are several SWB Gunrunner investigations that were opened as Organized Crime Drug Enforcement Task Force (OCDETF) cases in 2009, and others were carried over from previous years.

(U//LES) The Houston Gun Runner Impact Team (GRIT) generated a significant number of cases in 2009. The MCO and the New Orleans Field Division each opened three SWB criminal cases. The Atlanta, Detroit, Kansas City, Nashville, Seattle and St. Paul Field Divisions all opened one SWB criminal case. The Detroit Field Division was the only one to open a SWB intelligence case.

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(U//LES) The below chart is a listing of the criminal and intelligence SWB files opened by the top 6 field divisions in CY 2009



(U//LES) ATF OSII, along with the LAO Mexico Country Office (MCO) and border liaison agents, opened 1,508 criminal intelligence cases relating to the firearms and explosives seizures events in Mexico in 2009. The seizure events were collected, entered, and maintained under the N-Force Southwest Border (SWB) case numbers 164020-09-0001 and 162080-09 or 10-0001. Each N-Force seizure event contains the following information: all open source information pertaining to the event to include the weapons seized and persons detained; official Mexican and U.S. Government agency reports; information about the weapons seized; the firearms trace information; and any supporting documentation in connection with the seizure event.

(U//LES) In the majority of the SWB investigations, the identification, arrest and indictments were limited to the perpetrators, within the United States, that were part of the purchase and/or transportation components of the supply chains. There is valuable intelligence derived during the course of these investigations. The DTO intelligence and information are usually retained at the agent, field office or divisional level.

(U//LES) Firearms trafficking investigations should encompass the full scope of criminal activities associated with DTO weapons, especially acts of violence and intimidation. All parties in a firearms trafficking organization (supply chain) are supplying firearms that are used in furtherance of the organization's violent criminal activities in both the United States and Mexico. Under Project Gunrunner, OSII and the MCO have been collecting information from the violent events occurring in Mexico, the perpetrators, the firearms recovered and the affiliation to a criminal organization. This is challenging because the DTOs are constantly changing alliances. If the information is fully developed, the end user's violent actions and their affiliation to a DTO would provide essential evidence to broaden the scope of the prosecution against firearms