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REPRESENTATIVE DARRELL ISSA (R-CA): (Sounds gavel.) The committee will come to order. We exist to secure two fundamental principles; first, Americans have a right to know that the money Washington takes from them is well spent; and second, Americans deserve an efficient, effective government that works for them.

Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers because taxpayers have a right to know what they get from their government. We work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the federal bureaucracy.

The mission of the Bureau of Alcohol Tobacco and Firearms is to protect our communities from violent criminals, criminal organizations and the illegal use and trafficking of firearms. Since the Gun Control Act of 1968, the ATF has been organized as a unique law enforcement agency that Americans could trust to reduce the illegal transfer of guns into the hands of criminals.

Today's hearing concerns a breach of that trust that has left countless innocent Mexican citizens and at least one federal border patrol agent dead. In 2009, the ATF began allowing straw purchasers to walk guns into Mexico believing that this initiative would help them track the use of firearms by higher-ups within the Mexican drug cartels.

Guns, instead, were being seized and allowed to cross the Mexican border without the knowledge of the Mexican government. This effort failed. But with strong objections of the ATF field agents, the program continued, and approximately 2,000 AK-47s and derivatives and some 50-caliber sniper rifles and others and 10,000 or more rounds of live ammunitions went into the arsenals of the Mexican drug lords.

Despite these strong objections by field agents, Operation Fast and Furious continued. And not only did it continue, but those at the highest level of ATF show great interest in the program. A document displayed on the screen now shows that two of the most senior leaders in ATF, Acting Director Kenneth Melson and Acting Deputy Director Billy Hoover, were being briefed weekly on Fast and Furious. The documents show that both Melson and Hoover were keenly interested in the case and updates.

A second document shows Deputy Assistant Director for Field Operations William McMahon was so excited about Fast and Furious that he received a special briefing on the program in Phoenix scheduled a mere 45 minutes after his plane landed.

A third, and perhaps the most disturbing document, indicates that Acting Director Melson was very much in the weeds with Operation Fast and Furious. After a detailed briefing on the program at the ATF field division, Acting Director Melson had a plethora of follow-up questions that required additional research to answer.

And as documents indicate, Mr. Melson was interested even in receiving the IP address for hidden cameras located inside cooperating gun shops. With this information, Acting Director Melson was able to sit at his desk in Washington and himself watch a live feed of straw buyers entering the gun stores and purchasing dozens of AK-47 variants. Earlier this month, the Mexican government reported that more than 34,000 lives have been lost in the four and a half years, and scores of others remain missing. Last year, 111 U.S. citizens were killed in Mexico, which has been the most violent year in the drug war's history, according to the U.S. State Department.

When Senator Chuck Grassley, who we welcome here today, and I first learned about Operation Fast and Furious earlier this year, we were both shocked that such a brutal and reckless and blatantly reckless -- (audio break) -- candidly, at first, I believed that it had to be, as it was being alleged, an operation that was a few loose cannons and could not have possibly been properly briefed.

Last night, Senator Grassley and I released a joint report from the investigation entitled "Operation Fast and Furious: Accounts of the ATF agents." After these accounts, after the many depositions that have been taken, the witnesses that have come forward, the whistleblowers, if you will, it is now clear this was not rogues at a local level. Just the opposite. What we find is that people at the local level overwhelmingly objected to this program but were assured that it was approved at the highest levels.

Today, we will hear from the family of Agent Terry about how Fast and Furious devastated their lives, and we will hear from ATF agents who saw the risk, opposed the program and have come forward to tell the American people what happened.

The American people have a right to know the facts about Operation Fast and Furious, and Congress has a responsibility to find and reveal those facts. Thus far, more than 30 Democratic House members have joined Senator Grassley and myself in calls for the truth. I hope this will continue to be a bipartisan effort. I believe that, in spite of slowness to react by the administration, there has now

become a focus on getting the truth out in a more timely fashion, allowing the families to understand how it happened and, hopefully, working together with Senator Grassley and this committee to ensure it never happens again. That includes holding those whose judgment was so poor accountable.

And with that, I recognize the ranking member for his opening statement.

REPRESENTATIVE ELIJAH CUMMINGS (D-MD): Thank you very much, Mr. Chairman. And I thank you, Mr. Chairman, for holding this hearing.

I'd like to start by saying a few words directly to the members of the Terry family who are here today. Over the past week, my family suffered a horrific tragedy that, in some ways, is similar to your own. Nobody can really know how that feels until they go through it themselves.

On the one hand, you want the criminals who did this to be brought to justice as fast as possible. You want them punished for what they did, for who they took from you. On the other hand, that's after the fact. It simply will not bring them back.

So you also want answers. You want to know whether something could have been done to prevent their death. And you want to prevent it from happening to anyone else in the future.

I want to tell you that I know how you feel, and I want to help as much as I can. Of course, we want the prosecutors to succeed in bringing the perpetrators to justice.

You also deserve direct and straightforward answers from your government. Working together, we can and must achieve both of these goals. And so I thank you for being here today.

Now, let me welcome Senator Grassley. Your reputation as a defender of good government transcends party lines. I've always been impressed by your determination, and I welcome you here today.

And you said something in your statement that -- in your written statement -- that I totally agree with and I want to reiterate. You said any attempt to retaliate against them -- speaking of the ATF officers -- for their testimony today would be unfair, unwise and unlawful. And I am here to say that I have always taken that position, and I share that view with you, and I will work with you to make sure that does not happen. And I'm sure it won't.

Let me also welcome the ATF agents who are here to provide their testimony. It is not easy to testify before Congress under normal circumstances, but it is even more difficult when you are testifying about allegations involving your own agency. That's tough. Nevertheless, I know you are here today because you want to improve this process.

Finally, let me welcome Mr. Wiech from the Justice Department. This will not be an easy hearing for you either, but I know that you too are here because you want to improve this process. We look forward to talking with you about ways we can meet both the department's obligations for the prosecution and the committee's obligations for oversight. We thank each and every one of you for your service to the country. We will have tough questions today, but you all deserve our courtesy and respect.

On the substance of today's hearing, the allegations that have been made are very troubling, and new information we have obtained raises additional concerns about the role of various actors involved in these incidents.

Based on the interviews conducted by the committee so far and the documents we have reviewed to date, I have two concerns that I would like to explore.

First, we will hear testimony that surveillance of suspected straw purchasers was discontinued repeatedly seemingly for no reason so agents could return to gun stores to start over with new suspects. The Phoenix group handling this investigation was tiny, with only three to seven ATF agents. Although other offices and agencies were involved, the allegation is that these scarce resources were not used appropriately.

Second, we will hear testimony that specific individuals in the U.S. attorney's office in Phoenix refused to prosecute legitimate and promising gun cases involving straw purchasers. This gives me great concern.

It is not clear whether this reluctance was based on negative court decisions, inadequate resources or other issues, but one thing is clear. The allegations relating to this particular office span several years and several administrations.

I want to make two additional points about today's hearing. This weekend, Chairman Issa stated on national television that this committee's investigation and these hearings are not about finding the facts. He said -- and I quote -- "This is not a discovery process of what happened. We know what happened," end of quote.

With all due respect, I strongly disagree. We do not know all the facts. We still have much to learn in this ongoing investigation, and we should not rush to judgment.

Finally, no legitimate examination of this issue will be complete without analyzing our nation's gun laws which allow tens of thousands of assault weapons to flood into Mexico from the United States every year, including 50-caliber sniper rifles, multiple AKA variants and scores of others, some of them landing in neighborhoods like mine, the one I represent in Baltimore.

When Mexican President Calderon addressed Congress in May, he pleaded for us to stop fueling a full-scale drug war with military-grade assault weapons. In order to explore these issues further today, I am exercising my right under the rules, Mr. Chairman, of the House for a minority day of hearings with several witnesses who will testify about these issues in great detail. I did not think it was necessary to call these witnesses for today's hearing, but I will work with the chairman on scheduling these hearings in the near future.

Finally, let me say this. ATF Special Agent Forcelli said something in his written statement that we all need to take note of, Mr. Chairman. He says these words: As a career law enforcement officer who has had to investigate the deaths of police officers, children and others at the hands of armed criminals, I was and continue to be horrified.

And this is the piece that I want us to concentrate on: I believe that these firearms will continue to turn up at crime scenes on both sides of the border for years to come.

With that, Mr. Chairman, I yield back.

REP. ISSA: I thank the gentleman. We now recognize -- oh. Members may have seven days to submit opening statements and extraneous materials for the record.

We now recognize our first panel. The distinguished Senator Charles Grassley is the ranking member of the Senate Committee on Judiciary. In that role, I have an opportunity to work with the senator on patent issues and many other issues of law enforcement.

But today, the senator is here to speak about a joint investigation that has spanned many months and, ultimately, has consumed a great deal of the senator's personal time and attention. And I thank you for being here. Your entire written statement will be placed in the record, and you're recognized.

SENATOR CHARLES GRASSLEY (R-IA): (Off mic) -- these important hearings and for the great work that you and your staff have done in your constitutional responsibility of oversight.

I am grateful to Agent Brian Terry's family for being here today and wish to express my sympathy for their loss. I hope that we can get the Terry family the answers that they deserve.

I also want to thank the brave people who are testifying from the Bureau of Alcohol, Tobacco and Firearms, these federal agents. I know that they're here to tell the unvarnished truth. I also know that that can be very tough since they still work for the ATF.

These agents already risk their lives to keep us safe. They shouldn't have to risk their jobs as well. And continuing to highlight what Congressman Cummings highlighted from my statement, any attempt to retaliate against them for their testimony today would be unfair, unwise and unlawful. And let me add to what Congressman Cummings said, and it would be a personal affront to this senator. When I became ranking member of the Judiciary Committee in January, this was the first oversight issue to land on my desk. Several other senators' offices contacted my office to pass along these allegations about an ATF case called Operation Fast and Furious.

At first, the allegations sounded too shocking to believe, but sadly, they turned out to be true. ATF is supposed to stop criminals from trafficking guns to Mexican drug cartels, or I guess anywhere else. Instead, the ATF made it easier for alleged cartel middlemen to get weapons from U.S. gun dealers. Agents were actually ordered to stand by and watch these middlemen, these straw purchasers, buy hundreds upon hundreds of weapons. Agents warned that inaction could lead to tragedy, but management didn't want to listen. We will hear from some of those agents today and hear it from their point of view.

Inaction would be bad enough, but the ATF went even further. ATF encouraged gun dealers to sell to straw buyers. Emails prove that at least one dealer worried prophetically about that risk. He wrote to ATF about his concerns that a border patrol agent might end up facing the wrong end of one of those weapons. ATF supervisors told the dealer don't worry.

So the agents said it was a bad idea, and the gun dealers said it was a bad idea. Who thought it was a good idea? Why did this happen? Congress deserves answers to these questions.

The president said it didn't authorize it -- that he didn't authorize it -- and that the attorney general didn't authorize it. They have both admitted that, quote-unquote, "a serious mistake may have been made." There are a lot of questions and a lot of investigating to do, but one thing has become clear already; this was no mistake. It was a conscious decision by senior officials. It was written down. It was briefed all the way up to Washington, D.C.

According to an internal briefing paper, Operation Fast and Furious was intentionally designed to, quote, "allow the transfer of firearms to continue to take place," end of quote. Why would the ATF do such a thing? Well, the next line in the brief paper tells us. It was, quote, "to further the investigation and allow for the identification of additional co-conspirators," end of quote.

So very clearly, that was the goal. The purpose of allowing straw buyers to keep buying was to find out who else might be working with them, who else might be in their network of gun traffickers. Of course, that assumes that they are part of a big, sophisticated network. That kind of assumption can cause one to start with a conclusion and then work backward looking for the facts that fit the case. Until you figure out that you've got the cart before the horse, you're probably not going to get anywhere. Professor of criminology, Gary Kleck, recently published an article in The Wall Street Journal called, quote, "The Myth of Big Time Gun Trafficking," end of quote. Professor Kleck said that, according to his study of national crime data, ATF handles only about 15 operations each year that involve more than 250 guns. According to his study, a typical trafficking operation involves fewer than 12 guns.

So why would the ATF make it a priority to identify large networks of traffickers? And, again, why would senior leadership decide to explicitly elevate that goal above ATF's traditional work of seizing weapons that were illegally purchased?

On October 26, 2009, emails indicate that there was a meeting of senior law enforcement officials at our Justice Department. It appears to have included the heads of every law enforcement component of the department, including directors of the FBI, the DEA and the ATF. It also included the U.S. attorneys for all of the southwest border states, the director of the organized crime drug enforcement task force and the chairman of the attorney general's advisory committee.

Sounds like a pretty big, important meeting, doesn't it? On the agenda at the meeting was a document describing the department's strategy for combating Mexican cartels. In a section called, quote, "attacking the southbound flow of firearms," end of quote, it says -- and I quote from the document -- "merely seizing firearms through interdiction will not stop firearms trafficking to Mexico. We must identify, investigate and eliminate the sources of illegally trafficked firearms and the networks that transport them," end of quote.

Well, the message in that document is pretty clear, isn't it? Trying to identify networks of traffickers is more important than seizing weapons. This document was transmitted to the head of the Phoenix field division on October the 27th, 2009.

Four days later, the Phoenix field division began investigating Uriel Patino on suspicion of being involved in a gun trafficking ring. Ten days after that, Patino was assigned his own case number. In the first 24 days that the ATF was onto him, Patino bought 34 guns from dealers cooperating with the ATF. That's nearly three times more than the typical gun trafficking operation according to the study in The Wall Street Journal that I just mentioned.

But that was just the beginning. Since the dealers were cooperating, ATF received notices of each purchase right away. Analysts entered the serial numbers into ATF's suspect gun database usually within days of the purchase.

On November the 20th, one of the 34 guns Patino bought turned up in Mexico just 14 days after he bought it in Phoenix. ATF learned of the recovery through a hit in a suspect gun database on November the 24th. That same day, Patino brought Jaime Avila into a cooperating gun dealer, and they bought five more guns. ATF had real-time notice from the dealer, and agents raced to the store to follow them. But they arrived too late.

Over the next six weeks, Avila bought 13 guns at dealers cooperating with the ATF. The dealers notified the ATF of each purchase right away. Analysts entered the serial numbers in the ATF database usually within about two days of purchase. Yet ATF did nothing to deter or interrupt the straw purchasers.

Avila went back to a cooperating dealer and purchased three more AK-47-type weapons on January the 16th, 2010. ATF simply put the serial numbers in its database. Still, ATF did nothing to stop Avila and Patino.

Eleven months later, two of those three rifles were recovered at the scene of Agent Terry's murder. During those 11 months, Avila purchased another 34 arms, but Patino purchased 539. Again, cooperating gun dealers notified ATF of each and every purchase.

It usually took about five days to enter the serial numbers into the ATF database, but ATF often had real-time or even advance notice of the purchases from the dealers. ATF even specifically approved of particular transactions. I'll give you an example.

In August 2010, a gun dealer cooperating with the ATF asked for guidance. Patino wanted 20 more weapons, but the dealer only had four in stock. The dealer told ATF that if he were to sell the guns, he would have to, quote, "obtain the additional 16 specifically for this purpose," end of quote. An ATF supervisor wrote back, quote, "Our guidance is that we would like you to go through with Mr. Patino's request and order additional firearms." At this point, ATF already knew that he had bought 673 guns from cooperating dealers and that many had already been recovered at crime scenes.

I want to be clear that we don't know for sure whether this particular order was actually filled for these additional 16 guns. However, these new emails support what agents and dealers have been telling us for many months. According to them, dealers identified (sic) ATF when any of the straw purchasers bought guns, either before, during or at least shortly after the sale.

We don't know what the exact totals are, but we know the suspect gun database had at least 1,880 guns related to this case. At least 30 of them were high-powered, .50 caliber rifles. The straw purchasers bought 212 guns in just six days, December 2009. Seventy percent of all guns in the database were bought by just five straw purchasers. If ATF agents had been allowed to stop just those five buyers, most of the guns in this case would not have fallen into the wrong hands. Finally, I want to say something about the politics of gun control. This investigation is not about politics; it's about getting the facts. That's what constitutional responsibility of oversight's all about. That's our checks and balances of government.

No matter what side of that issue you're on, the facts here should be disturbing. There'll be plenty of time for both sides to argue about policy implications of all this at some point, but I hope that we can do that at another day. Today is all about these agents not being allowed to do their job. Today is about the Terry family and their search for the truth.

Too often, we want to make everything about politics. We pick sides and only listen to what we want to hear. At least for today, let's just listen to these agents and let's just listen to this family and hear what they have to say. Let's hear their stories, and hear it loud and clearly. Let's then work together to get answers for this family and the other families who may have suffered. It's time to get to the truth and hold our government accountable.

The public's business ought to be public. The public's right to know -- and with the public's right to know comes that accountability. That's the checks and balances of our government, and that's what congressional oversight is all about.

Thank you, Mr. Chairman.

REP. ISSA: Thank you, Senator. Thank you for taking so much time out of your busy schedule to testify here today. While we set up for the next panel, we'll take a short recess. (Sounds gavel.)

END.