

Phoenix Gun Runner Impact Teams (GRIT)
Performance Report
June 14, 2010

GRIT Performance for Reporting Period June 4 – June 10, 2010		
	Reporting Period	Since Inception
Number of Investigative Leads at the Start of GRIT (May 1, 2010)	N/A	25
Number of New Investigative Leads	4	37
Total Leads		62
Number of Leads Investigated	4	33
Number of New Actual Criminal Cases Opened	0	19
Number of Existing Investigations Supported by GRIT	34	46
Number of Defendants Recommended for Prosecution	3	3
Number of Referrals to U.S. LE Agencies	-	-
Number of Liaison Activities with the Gov. of Mexico	-	4
Number of Firearms/Other Evidence Seized/Recovered by ATF or Other LE Agencies Acting on ATF Information	25 firearms, 32 rounds of ammunition	35 firearms 3,726 rounds of ammunition \$0 in currency 22 g. cocaine 4.5 g. methamphetamine 7 g. marijuana other
Number of FFL Inspections Initiated	44	446
Number of FFL Inspections Completed	45	143
FFL Adverse Actions Recommended:		
Number of Warning Letters/Warning Conferences	3	18
Number of Revocations (Recommended by Division and Concurred by HQ)	-	-
Number of Licenses Surrendered in Lieu of Revocation	-	-
Number of Criminal Enforcement Referrals Made by IOIs to ATF LE	9	37

[REDACTED] [REDACTED]

[REDACTED]

785115-10-0020 [REDACTED]

Phoenix Group VII

ATF Phoenix Group VII Strike Force has begun an investigation into the firearms trafficking activities of [REDACTED]. To date, this investigation, aided by a reliable confidential source (hereinafter CS), has determined that at least 14 firearms (with many more suspected "straw" purchasers providing a large amount of additional firearms) have been purchased on behalf of and subsequently delivered to [REDACTED]. By his own account (documented in audio recordings between [REDACTED] and the CS), [REDACTED] obliterates the serial numbers of these firearms prior to his delivering them "South (to Mexico)." The CS was able to successfully introduce undercover agent [REDACTED] ATF to [REDACTED] as a new, potential "straw" purchaser and someone who may be able to meet [REDACTED]' recent request for NFA type firearms (specifically military grade armament and ordinance).

Subsequently, S/A [REDACTED] ATF participated in a controlled meeting (meet and greet) with [REDACTED] during which [REDACTED] solicited S/A [REDACTED] ATF "straw" purchase AK pistols from local FFLs and agreed to pay S/A [REDACTED] ATF \$100 profit for each one delivered. Additionally, [REDACTED] expressed his desire to purchase suppressors (in 9mm, .45, .223, 7.62), 40mm grenade launchers, and 40mm High Explosive (HE or other anti-personnel type) in whatever quantities that S/A [REDACTED] ATF was able to obtain. On June 1, acting in an undercover capacity, S/A [REDACTED] ATF delivered 6 AK "DRACO" pistols to [REDACTED]. [REDACTED] reimbursed S/A [REDACTED] ATF \$300 for each pistol, plus provided S/A [REDACTED] ATF with \$600 for conducting the "straw" purchases and an additional \$100 bonus. During the U/C OP, [REDACTED] stated his intent to sell/traffic the pistols for profit and again expressed his interest in purchasing the military hardware/ammunition/firearms. [REDACTED] also requested that S/A [REDACTED] ATF have a "trap" installed in his [REDACTED] (s) vehicle to assist with his trafficking activities. Immediately after the U/C OP, [REDACTED] was followed by agents to a storage locker facility.

785115-10-0004 Operation Fast and Furious

This OCDETF investigation has revealed 1,608 suspected straw purchases of firearms by 62 targets of this investigation. The core group of this investigation is constantly recruiting new straw purchasers and disassociating with others. Individuals who purchased in 2009 are not currently purchasing firearms and a new straw purchaser was just identified by ATF agents through surveillance on June 7, 2010, during the purchase of a .50 caliber rifle.

ATF agents are aware of or have caused 309 of these firearms to be recovered. To date, 179 crime guns have been recovered in the Republic of Mexico, and 130 have been recovered domestically in the United States. Of those domestic recoveries, all have been along or near the U.S. and Mexican border, i.e., El Paso, TX; Douglas, AZ; Nogales, AZ; Sells, AZ and

Casa Grande, AZ, with the farthest recovery north of the border being here in Phoenix, AZ. In order to purchase these 1,608 suspected firearms, this group has spent over one million in cash transactions at various Phoenix area FFLs. Due to the proximity to the border, bank subpoenas and financial investigations have yielded little or no results.

[REDACTED]

[REDACTED]. To date, ATF has personally purchased 606 firearms on behalf of the group. In support of these purchases, ATF has spent over four hundred thousand dollars in cash transactions at various Phoenix area FFLs. ATF is currently receiving Food Stamp benefits from the State of Arizona due to his lack of income. ATF agents are working with the USDA-OIG.

Phoenix ATF agents are conducting almost daily surveillance of these above-mentioned firearms transactions. This group is highly surveillance conscience and conducts counter surveillance [REDACTED]

[REDACTED]. This group makes "U-turns," they pull over and start again for no apparent reason, and they alter their speed, and almost always enter residential cul-de-sacs where entry by a surveillance vehicle would certainly be noticed. ATF agents have tried to utilize the Phoenix Police department air wing unit as much as possible, but due to their mission and scheduling they are not always available to assist.

ATF agents have identified over a dozen different "stash houses" where this group deposits firearms prior to arranging for further transportation south. The firearms may stay at these stash houses for anywhere from hours to in excess of one week.

785071-10-0003 [REDACTED]

[REDACTED]

[REDACTED]

McMahon, William G.

From: McMahon, William G.
Sent: Friday, January 28, 2011 7:49 PM
To: Chait, Mark R.
Subject: Fw: SA [ATF]

Here is the e-mail we discussed. I have Newell getting details from the SA of what he did and provided now followed up by a memo on Monday.

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----- Original Message -----

From: Newell, William D.
To: McMahon, William G.
Sent: Fri Jan 28 19:34:10 2011
Subject: SA [ATF]

(Came from Roanoke not Chicago. Was a senior 13 volunteer back when we were requesting bodies to fill new Gunrunner Group in Phx.)

This afternoon he sent an e-mail to acting Intel GS [ATF] advising her he had been contacted by "staff" of Senate Judiciary and was going to consult with an attorney and was just letting us know. Needless to say a strange e-mail so once GS [ATF] advised ASAC Gillett he (SA Dodson) was asked to come to the division office to discuss what this was all about. Upon meeting with both [ATF] and Gillett he said he was contacted by "staff" of Senate Judiciary earlier in the week and was asked what he knew about "Gunrunner" and "walking guns to Mexico". He said he told them he wasn't sure why they were asking and that was "way above my pay grade". He said he did not make contact with them. Gillett asked him to document everything in a memo to him as soon as possible which he agreed to do. Dodson then left the office. About 2 hours later Gillett gets contacted by [ATF] that [ATF] wants to come back and discuss the issue further. In this second meeting he states that he did not like the eval GS [ATF] had given him and that he was unhappy with how [ATF] and SA [ATF] handled the case. He said he had talked to the Senate folks twice, once Tuesday and once Wednesday. Gillett instructed him to complete a "truthful" memo as to what had transpired and to have it completed today. SA [ATF] kept asking to talk to Larry Berger from FLEOA to which Gillett instructed to have this memo to him by noon on Monday, thus giving him plenty of time to contact Berger even though he has already been instructed by a superior to complete a memo.

On a final note, the 6(e) issue is going to become a problem because too many people who aren't part of this have their hands in this and the Grand Jury, Judge and USAO will not be happy. If 6(e) info is being leaked to the Senate staffers then they'll have to answer for that.

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On Friday, January 28, 2011, at approximately 9:30 AM, I received a telephone call from the Acting Group Supervisor (AGS) of Phoenix group IV (Intelligence), [REDACTED] ATF AGS [REDACTED] ATF advised me that she had received an e-mail communication from ATF Special Agent (SA) [REDACTED] ATF that stated, and I will paraphrase: "I [SA [REDACTED] ATF] have been contacted by members of the Senate Judiciary Subcommittee and am seeking the guidance of counsel regarding my rights, duties, and responsibilities. I will keep you fully informed." I directed AGS [REDACTED] ATF to contact SA [REDACTED] ATF and I advised her that I wanted to meet with both of them in my office at 1:30 PM. [I subsequently sent an e-mail to AGS [REDACTED] ATF asking her to forward the e-mail sent to her by SA [REDACTED] ATF. She complied, and I have retained a copy of the e-mail. I also felt it was inappropriate to request a non-1811 acting supervisor to handle a personnel matter such as this. In addition, I wanted a witness to my interaction with SA [REDACTED] ATF.] SA [REDACTED] ATF is currently assigned to a Federal Bureau of Investigation (FBI) human intelligence squad and is a member of Phoenix IV.

On the same date, at 1:30 PM, AGS [REDACTED] ATF and SA [REDACTED] ATF came to my office. During a closed door meeting, I asked SA [REDACTED] ATF to explain what was going on regarding the e-mail. SA [REDACTED] ATF began by saying that on Wednesday evening, January 26, 2011, he received a telephone call on his cellular telephone from a person identifying him/herself as a member of the Senate Judiciary Sub-Committee. This caller stated that he/she wanted to ask SA [REDACTED] ATF some questions regarding ATF's Project Gunrunner. SA [REDACTED] ATF relayed that he replied by telling the caller that he couldn't be sure who he was speaking to and needed to verify the caller's identity. SA [REDACTED] ATF stated that after verifying the caller's identity, he had a telephone call which lasted approximately 15 minutes total with the sub-committee staffer. SA [REDACTED] ATF stated that he told the staffer, "any call about Project Gunrunner should be multiple layers above [REDACTED] ATF." SA [REDACTED] ATF stated that the call involved no issues of substance but only the Senate staffer conveying different ways to SA [REDACTED] ATF as to why it was acceptable for SA [REDACTED] ATF to speak with the Staffer. SA [REDACTED] ATF stated that following this call, he attempted to make contact with Federal Law Enforcement Officers Association (FLEOA) attorney Larry Berger. SA [REDACTED] ATF stated that he finally made contact with Mr. Berger "late" Thursday, January 27, 2011, and Mr. Berger advised SA [REDACTED] ATF that he needed to contact his chain-of-command with this information immediately. SA [REDACTED] ATF stated that instead of sending an immediate e-mail, he opted to wait until Friday morning to send the e-mail.

At this point, AGS [REDACTED] ATF asked SA [REDACTED] ATF if he received the call from the staffer on his personal cell phone or his government cell phone. SA [REDACTED] ATF replied that he couldn't really remember but he thought he received the call on his government cell phone. I then asked SA [REDACTED] ATF how he thought the staffers obtained his govt. cell number. SA [REDACTED] ATF stated that he couldn't be certain. I directed SA [REDACTED] ATF to complete a memorandum regarding this contact involving all details, including names and specific details of the conversation, as soon as possible and forward to Special Agent in Charge Newell through his chain-of-command. At that point the meeting ended.

At approximately 3:15 PM on Friday, January 28, 2011, I received a telephone call from AGS [ATF] who stated that SA [ATF] had called her and requested a second meeting with me. I advised AGS [ATF] to come to my office with SA [ATF]. AGS [ATF] advised that SA [ATF] was in route to the Division.

At approximately 3:45 PM, AGS [ATF] and SA [ATF] arrived at my office. SA [ATF] requested to shut my office door, and I granted permission to do so. SA [ATF] began the meeting by stating, "before our [earlier] meeting, I tried to call [Larry] Berger, but I couldn't get in touch with him, so I called an old friend of mine that's a defense attorney." SA [ATF] continued by stating that this defense attorney instructed SA [ATF] during his earlier meeting with me to "be vague" with his responses, but don't lie. SA [ATF] then exclaimed loudly, "I didn't lie." SA [ATF] continued that "there are about 50 Gunrunner Impact Team (GRIT) members as well as multiple Drug Enforcement Administration (DEA) special agents that could attest that ATF GS [ATF] treated SA [ATF] "like shit." SA [ATF] had spoken with GS [ATF] about his concerns regarding the "Fast and Furious" investigation and potential problems. SA [ATF] stated that GS [ATF] wasn't receptive to SA [ATF] concerns. SA [ATF] then stated that he didn't feel like management would be receptive to his concerns because every time he had an issue with GS [ATF] "management took [GS] [ATF] side." [ATF] then stated that he "spoke with the staffers and felt good about it." SA [ATF] stated that he discussed with the staffers the "gun that killed the border patrol agent" and ATF allowing weapons to cross the border into Mexico. SA [ATF] stated that he received an initial telephone call from the staffers on Tuesday, January 25, 2011 on his personal cell phone. He didn't know how the staffer's obtained his personal cell number, but "I can speculate if you want." SA [ATF] stated that it was after the Tuesday evening telephone call that he verified the identity of the caller, but received a second telephone call on his government cell phone on Wednesday, January 26.

I asked SA [ATF] if he had completed the memorandum that I had requested earlier, and SA [ATF] replied that he had not as he wanted to consult with Larry Berger before he drafted such a memorandum. I looked at SA [ATF] and stated that I was now giving him "a direct order" to complete a memorandum incorporating the contents of our meeting at 1:30 PM today as well as a complete, detailed account of both conversations he had with Senate staffers and the meeting that we were currently involved in. SA [ATF] stated that he wanted to speak with Berger prior to drafting any such memorandum. I further advised SA [ATF] that he wasn't entitled to counsel during an administrative meeting and, as long as there was no criminal allegation, he was compelled to complete a memorandum and provide me with a statement if requested. I advised SA [ATF] that I was again giving him a direct order to complete a memorandum incorporating all the information that he knew about this congressional contact. SA [ATF] again stated that he wanted to consult with counsel first. I advised him that he was disobeying a direct order, and I wanted the memorandum completed before he departed for the day. SA [ATF] stated that he wasn't disobeying an order; however, he did want to consult with counsel prior to drafting any memorandum. I told him that I give him an extension and allow the

memorandum to be completed and in my hands by noon Phoenix time on Monday, January 31, 2011. SA [ATF] agreed and the meeting was concluded.

At approximately 5:30 PM on Friday, January 28, 2011, SAC Newell telephoned me and advised that, at some point, documents had been provided to Senator Grassley's office and there was a concern that some of these documents could have been grand jury materials. SA Newell directed me to contact SA [ATF] and inquire if SA [ATF] provided any documents relating to the Fast and Furious investigation to anyone and if there were any Grand Jury materials that SA [ATF] released. I followed up by calling SA [ATF] government cell phone which disconnected after five (5) rings. I re-called the cell phone and it rolled to voicemail. I left SA [ATF] a voicemail requesting that he call me immediately. I then telephoned SA [ATF] home telephone number. After a number of rings, I was advised by a recording that the mailbox had not been set-up. I then sent SA [ATF] an e-mail requesting that he telephone me.

At approximately 6:15 PM, Friday, January 28, 2011, SA [ATF] returned my call. I advised SA [ATF] that I needed some information and wanted to know if he released any documents at all relative to the Fast and Furious investigation to anyone in any capacity. SA [ATF] stated that he was going to decline to answer my question and that he was seeking legal advice on this matter. I replied, so you're refusing to answer my question. I am now giving you a direct order to answer my question, "did you release any documents relative to this investigation to anyone in any capacity." SA [ATF] again stated that he was going to seek legal advice before he responded to my question. I advised SA [ATF] three (3) times that he was refusing to comply with my direct order on this matter and then asked the same question, again. SA [ATF] refused my direct order and did not answer my question. My telephone call with him was then ended.

January, 29, 2011

Pursuant to a request by Phoenix Field Division, Special Agent in Charge William Newell the below statement is submitted.

On Friday, January 28, 2011, at approximately 10:30 a.m., I received the attached e-mail from Phoenix IV Special Agent (SA) [ATF], currently assigned to Joint Terrorism Task Force (JTTF) co-located with the FBI at the Arizona Counter Terrorism Information Center (ACTIC). The e-mail served to notify me that SA [ATF] had been "recently contacted by representatives of the United State's Senate's Committee on the Judiciary". SA [ATF] e-mail further advised that he was "working closely with an attorney to determine his obligations, rights, and responsibilities in this matter". SA [ATF] e-mail requested that I "forward this notification as necessary" and that SA [ATF] would provide me "with timely updates on events as they became known" to him.

I then immediately contacted Assistant Special Agent in Charge (ASAC) Gillett via his cellular telephone and inquired with him if he was aware of the contact described by SA [ATF]. ASAC Gillett replied in the negative and requested a meeting with SA [ATF] and me that afternoon at 1:30p.m.. I placed ASAC Gillett on hold and contacted SA [ATF] on his cellular telephone to confirm his availability to meet at 1:30 p.m. SA [ATF] replied in the affirmative and advised that he had contacted the FLEOA attorneys and that they were currently in contact with the staffers. I then notified ASAC Gillett that SA [ATF] and I would be in his office at 1:30p.m.

At approximately 1:18 p.m., upon my return from lunch, I received an e-mail from ASAC Gillett requesting a copy of the above cited e-mail from SA [ATF]. I immediately forwarded SA [ATF] e-mail to ASAC Gillett (attached).

At approximately 1:25 p.m., SA [ATF] arrived at my office. In the elevator ride to the ninth floor I asked SA [ATF] if he was okay and if he needed anything. He replied "his was okay and that he just wished he knew what this was all about". SA [ATF] further stated that "the attorney's were speaking with the staffers at this very moment". The meeting with ASAC Gillett, SA [ATF] and me began at approximately 1:30 p.m. in ASAC Gillett's office. During this meeting SA [ATF] advised that he had been contacted by Senate committee staffers on Wednesday and that these staffers wanted to ask him some questions. SA [ATF] advised the staffers he would need to verify their identity. SA [ATF] reminded me that Wednesday was the day that he worked from home and cited an e-mail he sent to me to that effect. I acknowledged the e-mail (attached). SA [ATF] stated that he made contact with Larry Berger, Federal Law Enforcement Officers Association (FLEOA) attorney regarding this matter and that Berger was currently in contact with the staffers. SA [ATF] continued by stating that he did verify the names of the staffers via open sources and spoke with them again that same day. ASAC Gillett asked SA [ATF] to disclose what was said during SA [ATF] conversation with the staffers after SA [ATF] had verified their identities. SA [ATF] replied that the main question was

regarding Project Gunrunner, to which SA [ATF] advised the staffers his general definition of Project Gunrunner and added "that anything beyond that definition was well over his pay grade". (At this time SA [ATF] did not provide ASAC Gillett or me the details of what he related to the staffers with regards to his general definition of Project Gunrunner.) ASAC Gillett asked if anything else was asked or disclosed during this conversation, to which SA [ATF] replied in the negative adding that "the conversation was vague and danced around several issues". SA [ATF] stated to ASAC Gillett and me that he advised the staffers he did not feel comfortable discussing anything else with them until he had a chance to seek counsel and confer with his superiors. I asked SA [ATF] if he knew how the staffers obtained his name and contact information, to which SA [ATF] stated he did not know. I also asked what telephone number the staffers called to speak with SA [ATF] to which SA [ATF] stated he did not recall. I stated that I believe that it is important to determine how the staffers obtained SA [ATF] name and contact information. ASAC Gillett then directed SA [ATF] to prepare a brief memorandum of the events he just described to us, to include the conversations with the staffers. ASAC Gillett advised SA [ATF] that although SA [ATF] notified us somewhat timely; any future notifications should be made immediately. The meeting ended and SA [ATF] left the office/building.

At approximately 3:30 p.m. I received a call from SA [ATF] requesting a second meeting with ASAC Gillett and me. I placed SA [ATF] on hold and contacted ASAC Gillett in his office to confirm his availability to meet with SA [ATF] and me. ASAC Gillett replied in the affirmative. I advised SA [ATF] same, to which he replied he was leaving the ACTIC and en route to the division office.

At approximately 3:50 p.m. SA [ATF] arrived at my office. In the elevator ride to the ninth floor SA [ATF] and I spoke briefly about being glad it was Friday and the end of a work week. The second meeting with ASAC Gillett, SA [ATF] and me began at approximately 3:55 p.m. in ASAC Gillett's office. During this second meeting SA [ATF] advised that although he had not been entirely honest with ASAC Gillett and me; he had not provided any 6e information to the staffers. In direct conflict with statements made by SA [ATF] during the initial meeting, he advised that he had been contacted by Senate committee staffers on the evening of Tuesday, January 25, 2011. In direct conflict with statements made by SA [ATF] during the initial meeting, SA [ATF] then looked directly at me (which I believe was in reference to my question to him in the first meeting regarding how he was contacted by the staffers) and stated that he was called on his personal cellular telephone; adding that he could provide me with the telephone records if I needed them. I did not respond to SA [ATF]. SA [ATF] then stated that the staffers had questions about the Border Patrol agent that was murdered in the desert. SA [ATF] again repeated that he did not disclose 6e information per his understanding of 6e. SA [ATF] then stated that there are "at least 50 people over at the DEA office (GRIT agents, ICE, DEA, etc) that can affirm that GS [ATF] (Group Supervisor [ATF] treated me poorly" over statements made by SA [ATF] concerning the Fast & Furious investigation.

SA [ATF] further stated that "he had been called on the carpet several times by GS [ATF] because of his objections to how the Fast & Furious investigation was being managed. SA [ATF] stated he confronted the case agent (SA [ATF] and voiced his objections and did not receive a positive response from SA [ATF]. SA [ATF] further stated that he "felt little love in this chain". To which ASAC Gillett asked SA [ATF] for clarification. SA [ATF] stated that every time GS [ATF] called him on the carpet, GS [ATF] was victorious. SA [ATF] then stated to ASAC Gillett and me that it felt good to being able to speak with someone outside ATF. SA [ATF] stated "he could now go home for the weekend having said that". In direct conflict with statements made by SA [ATF] during the initial meeting, he advised he had not yet had a conversation with Larry Berger or anyone from FLEOA. SA [ATF] stated he had left several messages for Larry Berger, but had not received a response. SA [ATF] then advised that pursuant to the conversation with the staffers on Tuesday evening he contacted an attorney friend of his and sought his counsel regarding this matter.

ASAC Gillett asked several questions of SA [ATF] during this meeting, however, I cannot recall the specifics of the questions or SA [ATF]'s answers.

ASAC Gillett asked SA [ATF] if he had prepared the memorandum as directed, to which SA [ATF] replied in the negative. ASAC Gillett then advised SA [ATF] that he was giving him a direct order to prepare the memorandum immediately prior to leaving the building. SA [ATF] advised he would prefer to speak with counsel prior to writing the memorandum. ASAC Gillett restated that he was giving SA [ATF] a direct order to prepare the memorandum immediately prior to leaving the building. SA [ATF] again restated his desire to confer counsel prior to writing the memorandum and appealed to ASAC Gillett to allow him until Monday to submit the memorandum. ASAC Gillett advised SA [ATF] to submit the memorandum no later than noon on Monday, January, 31, 2011.

The meeting ended and I walked with SA [ATF] to the elevator and urged SA [ATF] to make contact with a FLEOA attorney today. I further stated that SA [ATF] should not wait to hear back from Larry Berger. SA [ATF] stated he had made several attempts to speak with Larry Berger with no success. SA [ATF] then left the building.

I related the above to ensure that SA [ATF] would have the memorandum submitted by noon on Monday as directed by ASAC Gillett.

**The above statement details the facts to the best of my recollection. During the initial meeting with ASAC Gillett and SA [ATF] I noted only the name of the FLEOA attorney, Larry Berger and the word 'staffers' on a sheet of paper. I took no notes during the second meeting that day.

/s/ [ATF]

Acting Phoenix IV Group Supervisor