

**From:** Hoover, William J. (ATF)  
**To:** Axelrod, Matthew (ODAG)  
**Sent:** 6/21/2011 5:17:51 PM  
**Subject:** RE: Grassley Disputes Firearms Figures from ATF

Matt,

**DP**

Let me know if

~~you near different.~~

Billy

Sent with Good (www.good.com)

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

**From:** Axelrod, Matthew (ODAG) [mailto:Matthew.Axelrod@usdoj.gov]  
**Sent:** Tuesday, June 21, 2011 12:53 PM Eastern Standard Time  
**To:** Hoover, William J.  
**Subject:** FW: Grassley Disputes Firearms Figures from ATF

**From:** Schmalzer, Tracy (SMO)  
**Sent:** Tuesday, June 21, 2011 12:11 PM  
**To:** Axelrod, Matthew (ODAG); Reich, Steven (ODAG); Burton, Faith (SMO); Colborn, Paul P (SMO); Weich, Ron (SMO); Richardson, Margaret (SMO)  
**Subject:** FW: Grassley Disputes Firearms Figures from ATF

Grassley just put out release.

**From:** Ranking Member Grassley (Judiciary-Rep) [mailto:RankingMemberGrassley@judiciary-rep.senate.gov]  
**Sent:** Tuesday, June 21, 2011 11:51 AM  
**To:** Ranking Member Grassley (Judiciary-Rep)  
**Subject:** Grassley Disputes Firearms Figures from ATF

For Immediate Release

Tuesday, June 21, 2011

Grassley Disputes Firearms Figures from the ATF

WASHINGTON - Senator Chuck Grassley today said that firearms data released last week by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) was a selective release of certain statistical data that inaccurately reflects the scope and source of the problem of firearms in Mexico and the drug trafficking organization violence.

Grassley's letter to ATF Acting Director Kenneth Melson cited additional statistical breakdowns and a Department of State cable that dispels myths about the source of weapons trafficked to Mexico. The unclassified cable includes sections such as: "Myth: An Iron Highway of Weapons Flows from the U.S." and "Myth: The DTOs (Drug Trafficking Organizations) are

Mostly Responsible.”

Grassley said when looking at a breakdown of the numbers, it's clearly inaccurate to assert that 70 percent of the guns recovered in Mexico can be traced to a United States based gun dealer.

Grassley cited additional statistics in his letter to Melson. In the letter, Grassley said that by looking at more specific data provided to his office, it was clear that of the 26,813 weapons traced in 2009, only 5,800 actually traced back to Federal Firearms Licensees.

“The implication made by the ATF and various press reports is that the firearms come directly from U.S. manufacturers or U.S. Federal Firearms Licensees selling guns to drug trafficking organizations. Not only does this paint a grossly inaccurate picture of the situation, but it appears that the State Department disagrees with this portrayal,” Grassley said.

In his letter, Grassley provides a further break down of data of firearms tracing information, including a catchall category called “No Final Sale Dealer” in the ATF's own eTrace system, which means the firearms did not trace back to a Federal Firearms Licensee. Astonishingly, nearly 78 percent of firearms traced in 2009 and 66 percent of firearms traced in 2010 were not traced to a United States licensed gun dealer. Grassley points out that these guns instead are likely sold to foreign countries or militaries requiring approval of the State Department and Homeland Security.

To make matters worse, this category includes firearms in the ATF's Suspect Gun Database - a category which would include the nearly 2,000 firearms that are known to be part of the ATF's ill-advised Fast and Furious strategy where the ATF knowingly authorized firearm sales to straw purchasers before the weapons were trafficked to Mexican drug trafficking organizations.

“The ATF needed a distraction before last week's hearing. Unfortunately, nobody looked closely at the numbers to determine that this was a very selective release of information intended to distract people from the disastrous policy to let guns fall into the hands of straw purchasers, only to be often found on the other side of the border,” Grassley said.

Grassley has led the oversight efforts into the ATF's reckless strategy to allow guns to fall into the hands of straw purchasers. He began his investigation in January and has yet to receive any substantive information from the Justice Department and the ATF. Grassley has been joined by Congressman Darrell Issa, the Chairman of the House Oversight and Government Reform Committee, to investigate Operation Fast and Furious.

A copy of the text of the letter can be found below. A signed copy of the letter can be found by clicking here <<http://grassley.senate.gov/judiciary/upload/Guns-06-16-11-signed-letter-to-Melson-incomplete-gun-data.pdf>> .

June 16, 2011

Via Electronic Transmission

Kenneth Melson  
Acting Director  
Bureau of Alcohol, Tobacco, Firearms, & Explosives  
U.S. Department of Justice  
99 New York Avenue, NE  
Washington, DC 20226

Dear Acting Director Melson:

I write today in response to a June 10, 2011, article in The Wall Street Journal titled, "Mexican Guns Tied to U.S.", which cites a letter you sent to Senator Diane Feinstein, the Chairman of the Senate Caucus on International Narcotics Control ("Caucus"). As the Co-Chairman of the Caucus, and Ranking Member of the Senate Committee on the Judiciary ("Committee"), I have been investigating serious allegations raised by whistleblowers within the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) that agents knowingly allowed weapons to be sold to straw purchasers who then transferred those weapons to Mexican Drug Trafficking Organizations ("DTOs"). These allegations were the subject of two Congressional hearings this week and the timing of the release of this information raises questions about why the ATF would choose to release this information publicly now. Further, after reviewing the data presented in the article, I have questions about why ATF provided some select information, but not a more detailed analysis that would help Congress, and the American people, better understand the causes and sources of illegal firearms in Mexico.

Federal law prohibits the ATF from releasing firearm trace data or multiple handgun sales reports, but it does not prohibit the release of aggregate statistical data on illegal gun trafficking. However, I am concerned that the selective release of certain statistical data without further clarification and categorization may inaccurately reflect the scope and source of the problem of firearms in Mexico and the DTO violence. For example, the article states that ATF traced firearms in Mexico that were submitted for tracing by the Government of Mexico ("GOM") 21,313 firearms in 2009 and 7,971 firearms in 2010. The article further adds that of the firearms traced, 14,213 in 2009 were manufactured in the U.S. or imported to the U.S. from other countries. The article adds that 6,291 firearms in 2010 were either manufactured in the U.S. or imported from other countries. Taken together, these numbers provided the basis for the general estimate that 70% of firearms provided to the ATF from the GOM were traced back to the U.S.

The implication the article makes is that these firearms must come directly from U.S. manufacturers or U.S. Federal Firearms Licensees ("FFLs") selling guns to DTO members who smuggle the guns over the Southwest border. Unfortunately, this information paints a grossly inaccurate picture of the situation.

First and foremost, it is worth noting that the firearms data discussed in the article is based upon only the firearms that were submitted by the GOM to ATF for tracing. According to a May 6, 2009, article written by the Associated Press, over 305,424 confiscated weapons are locked in vaults in Mexico.[1] The weapons submitted for tracing represent only a small percentage of the number of weapons found to be part of the DTO related crime in Mexico. Further, there has been significant evidence in the media recently regarding the proliferation of weapons in Mexico smuggled out of Central America. For example, at a recent hearing before the Caucus on Central American security cooperation we heard testimony from witnesses that corrupt officers with access to unsecured arsenals in Guatemala and Honduras were an important source of weapons. In one recent media report, they discussed how over 1,100 fragmentation grenades, M-60 machine guns, and over a dozen grenade launchers were recovered in Guatemala at

an alleged safe house of the Zetas DTO. That same article added that the Zetas had stolen over 500 weapons from a Guatemalan military base between 2007 and 2008.

Additional evidence regarding the source of weapons in Mexico is contained in an unclassified cable from the U.S. Department of State ("DOS") dated July 2, 2010, obtained by my office and attached to this letter. The cable, titled, "Mexico Weapons Trafficking - The Blame Game" seeks to dispel rumors about the source of weapons trafficked to Mexico. The unclassified cable includes sections such as: "Myth: An Iron Highway of Weapons Flows from the U.S.," "Myth: The DTOs Are Mostly Responsible," "Myth: Mexico Aggressively Investigating Weapons Confiscated," "Myth: Mexico Methodically Registers and Tracks Weapons," and "Myth: The GOM Justice System is Tough on Violators of Gun Laws." While this cable is very candid about the true problem of weapons smuggling inside Mexico, the cover emails forwarding this cable suggest that the ATF and officials associated with the ATF disagreed.

In fact, one email written by Special Agent in Charge William Newell states, "I could go on and on but once our 'Fast and Furious' case breaks it will change this." Unfortunately, it now appears that Special Agent in Charge Newell's prediction was correct, but instead of an "Iron Highway" operating on its own, it was ATF who fueled the flow of weapons through its "Fast and Furious" investigation which knowingly sanctioned the sale of nearly 2,000 firearms to straw purchasers.

I understand that agents working on tracing weapons in Mexico back to the U.S. routinely instruct GOM authorities to only submit weapons for tracing that have a likelihood of tracing back to the U.S. The purpose of this policy is to direct resources to tracing firearms that may have a U.S. nexus, instead of simply wasting resources on tracing firearms that will not trigger a U.S. source. So, based upon this background information, it is not surprising that reviewing a sample of weapons that is purposefully directed to increase the likelihood of U.S. generated weapons would in fact skew toward the direction of making it look like U.S. gun dealers provide more weapons than they actually do.. However, further discussion of the data that is presented in the article is warranted.

Looking specifically at the information provided by the ATF to Senator Feinstein and the The Wall Street Journal raises some questions when compared more detailed data provided to my office. ATF actually traced 26,813 firearms in 2009 and 9,443 in 2010. Further, that data indicates that of those firearms actually submitted for tracing, a vast majority of those firearms did not come from FFLs (either U.S. based or Mexican based). In fact, of the 26,813 weapons traced in 2009, only 5,800 actually traced back to U.S. or Mexican FFLs. Table 1 illustrates a more detailed breakdown of the firearms data for both 2009 and 2010. The most noteworthy portion of the information is that nearly 78% of firearms traced in 2009 and 66% of firearms traced in 2010 were assigned to a catchall category "No Final Sale Dealer" which means the firearms did not trace back to a United States FFL. This category of firearms includes firearms that have no nexus with U.S. commerce. It also includes firearms where the only nexus to U.S. commerce is that they were manufactured by U.S. companies. This means they are not sold by FFLs in the United States. Instead, they may be sold to foreign countries or militaries requiring approval of the State Department and Homeland Security. Additionally, this category includes firearms in the ATF's Suspect Gun Database—a category which would include nearly 2,000 firearms as part of ATF's Fast and Furious Investigation where the ATF knowingly authorized firearm sales to straw purchasers before the weapons were trafficked to Mexican DTOs.

Table 1: Firearms Tracing Information for 2009 and 2010

Year

Number of Firearms Submitted for Tracing by Government of Mexico

Number of Firearms Traced to Federal Firearm Licensees (FFLs)

Number of Firearms Assigned to "No Final Sale Dealer"

2009

26,813

5,800 (22%)

21,013 (78%)

2010

9,443

3,176 (34%)

6,267 (66%)

Because the numbers provided to my office indicate that the data provided to Senator Feinstein and The Wall Street Journal may not be entirely accurate and because further questions and breakdowns of that data are necessary for Congress to make an informed decision about the sources of weapons that are fueling the DTO related violence in Mexico, I ask that you provide responses to the following questions:

(1) Of the 21,013 firearms in the "No Final Sale Dealer" category for 2009, how many of those firearms can be traced back to military sales to the GOM? How many can be traced to the military of Guatemala? How many can be traced to the military of Honduras? How many can be traced to the military of El Salvador? How many can be traced to other Central American and South American militaries? How many can be traced to other foreign militaries? How many are in that category because they were in the Suspect Gun Database?

(2) Of the 6,267 firearms in the "No Final Sale Dealer" category for 2010, how many of those firearms can be traced back to military sale to the GOM? How many can be traced to the military of Guatemala? How many can be traced to the military of Honduras? How many can be traced to the military of El Salvador? How many can be traced to other Central American and South American militaries? How many can be traced to other foreign militaries? How many are in that category because they were in the Suspect Gun Database?

(3) How many of those weapons in the "No Final Sale Dealer" category for 2009 and 2010 were previously reported lost or stolen?

(4) Has the ATF requested access to the 305,424 firearms held by the GOM military vault? How many of those firearms have been traced? How many of those firearms would trace back to the GOM and the Mexican military?

(5) Data indicates that the top source dealer for illegal firearms traced in Mexico for 2009 was "Direccion General De Industria Milita" or the Directorate General of Military Industry in Mexico. They provided 120 firearms that were later traced back, likely after a crime. Why does this entity have a U.S. Federal Firearms License? Are sales to this and other foreign entities with U.S. FFL's included in the numbers the ATF provided as being a gun from a "U.S. Source". If so, why?

(6) Why did the number of trace requests drop significantly from 2009 to 2010, but the percentage trace to U.S. FFLs go up? What is behind this trend?

Accordingly, as Co-Chairman of the Caucus and Ranking Member of the Committee, I request your prompt response to these important questions no later than June 23, 2011.

Sincerely,

Charles E. Grassley

Co-Chairman, Senate Caucus on International Narcotics Control

Ranking Member, Senate Committee on the Judiciary

Attachment

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[1] E. Eduardo Castillo, *AP Impact: Mexico's Weapons Cache Stymies Tracing*, May 6, 2009, available at <http://www.brownsvilleherald.com/common/printer/view.php?db=brownsville&id=97742> (last visited June 13, 2011).