

From: Grindler, Gary (OAG)
To: Weinstein, Jason (CRM)
Sent: 7/26/2011 3:19:47 PM
Subject: RE: clips

DP

From: Weinstein, Jason (CRM)
Sent: Tuesday, July 26, 2011 3:17 PM
To: Grindler, Gary (OAG)
Subject: FW: clips
Importance: High

From: Weinstein, Jason
Sent: Tuesday, July 26, 2011 3:17 PM
To: Schmalder, Tracy (SMO) (JMD); Pope, Amy; Weich, Ron (SMO) (JMD); Reich, Steven (ODAG) (JMD)
Subject: RE: clips
Importance: High

DP

From: Schmalder, Tracy (SMO) [mailto:Tracy.Schmalder@usdoj.gov]
Sent: Tuesday, July 26, 2011 2:49 PM
To: Weinstein, Jason; Pope, Amy; Weich, Ron (SMO) (JMD); Reich, Steven (ODAG) (JMD)
Subject: RE: clips

DP

From: Weinstein, Jason (CRM)
Sent: Tuesday, July 26, 2011 10:11 AM
To: Schmaler, Tracy (SMO); Pope, Amy (CRM); Weich, Ron (SMO); Reich, Steven (ODAG)
Subject: RE: clips

DP

From: Schmaler, Tracy (SMO) [mailto:Tracy.Schmaler@usdoj.gov]
Sent: Tuesday, July 26, 2011 10:07 AM
To: Pope, Amy; Weinstein, Jason; Weich, Ron (SMO) (JMD); Reich, Steven (ODAG) (JMD)
Subject: RE: clips

DP

From: Pope, Amy (CRM)
Sent: Tuesday, July 26, 2011 9:33 AM
To: Schmaler, Tracy (SMO); Weinstein, Jason (CRM); Weich, Ron (SMO); Reich, Steven (ODAG)
Subject: FW: clips
Importance: High

DP

DP

From: Finelli, Alisa (SMO) [mailto:Alisa.Finelli2@usdoj.gov]
Sent: Tuesday, July 26, 2011 9:22 AM
To: Raman, Mythili; Weinstein, Jason; Pope, Amy
Cc: Sweeney, Laura (SMO) (JMD)
Subject: RE: clips

Will do. Additional stories below and a longer Washington Post story about the operation. The report is posted on the committee's website now - it is attached.

I've asked Tracy if we plan to say anything but haven't heard back.

Report: Officials Kept Plans For Guns In Mexico Secret (USAT)

By Kevin Johnson

USA Today <http://www.usatoday.com/NEWS/usaedition/2011-07-26-ATF26_ST_U.htm> , July 26, 2011

WASHINGTON - Federal gun agents and Justice Department officials did not share crucial information about a risky gun trafficking investigation with their U.S. colleagues in Mexico, even as those colleagues expressed concerns about a sudden spike in the number of U.S. guns linked to the probe that were being recovered at crime scenes in Mexico, congressional investigators found.

A new report prepared for Rep. Darrell Issa, R-Calif., and Sen. Chuck Grassley, R-Iowa, concludes that Justice and Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) officials in Arizona and Washington "kept their own personnel in Mexico ... totally in the dark" about the operation that allowed hundreds of weapons to flow into Mexico.

The officials feared, according to the report released today, that information about the operation would be leaked to the Mexican government or the U.S. ambassador to Mexico.

The findings are part of a continuing congressional review of the ATF and its management of the trafficking strategy-- known as Operation Fast and Furious. Federal authorities had hoped to build criminal cases against Mexican drug cartel leaders by allowing guns to move along the trafficking line into Mexico.

Instead, current and former ATF officials said, the operation allowed hundreds of weapons to fall into the hands of cartel enforcers in Mexico and other criminals along the southwest border.

It was shut down last December, following the murder of Border Patrol Agent Brian Terry in Arizona. Two weapons recovered at the scene of Terry's murder were traced to the controversial, Phoenix-based ATF operation, which began in 2008. The weapon used to kill Terry has not yet been identified.

The ATF referred questions about the committee's findings to the Justice Department. Justice did not immediately respond to requests for comment.

Carlos Canino, the ATF's acting chief in Mexico, and former ATF Mexico chief Darren Gil told congressional investigators that they first noticed a spike in guns recovered at Mexican crime scenes in the fall of 2009. Many of the weapons, Canino and Gil said, were traced back to the Phoenix area.

Alarmed at the number, Gil said he sought explanations from supervisors in Phoenix and

Washington, who acknowledged that the weapons were part of an ongoing investigation. Yet, the supervisors would not provide details.

"Did you have any idea why you weren't being made aware of the specific details of this investigation?" investigators asked Gil, according to a transcript of the inquiry.

"I can tell you what I was told," he said. "They were afraid that I was going to either brief the (U.S.) ambassador on it or brief the Government of Mexico ...on it."

Gil and Canino are scheduled to testify about the program today before the House Committee on Oversight and Government Reform.

The ATF officials in Mexico did not learn the full extent of the trafficking program until January 2011.

"Never in my wildest dreams ever would I have thought that this (allowing guns into Mexico) was a technique," Canino said. "Never. Ever. It ... is inconceivable to me."

Fast And Furious: Embassy Kept In Dark As Guns Flooded Mexico (LAT)

By Richard A. Serrano

Los Angeles Times <<http://www.latimes.com/news/politics/la-pn-fast-furious-20110725,0,7881661.story>> , July 26, 2011

Reporting from Washington

As a surge of weapons from the United States began to show up at homicide scenes in Mexico last summer, officials in the U.S. Embassy sent a cable to Washington that asserted authorities needed to focus on small-time operators as the suppliers of guns to the drug cartels.

What embassy officials did not know was that at least some of the weapons they were noticing were guns that the Bureau of Alcohol, Tobacco, Firearms and Explosives had allowed straw purchasers to buy as part of a sting operation, dubbed Fast and Furious. Ultimately, ATF lost track of an estimated 1,700 guns as they flowed into Mexico.

Nearly 200 were later recovered at crime scenes in Mexico. And two AK-47s from Fast and Furious were recovered in December at the scene of a fatal shooting of a U.S. Border Patrol agent in Arizona, an incident that brought the attention of a U.S. senator who had been told by rank-and-file ATF agents that the operation had failed.

The embassy cable, written in July 2010, is further evidence that officials at the ATF were keeping other parts of the government in the dark about Fast and Furious. It also indicates that some officials with considerable knowledge of the drug trade and violence in Mexico disagreed with the basic premise on which Fast and Furious was based.

The goal of embassy officials in sending the cable was to refute what they saw as a myth: that the Mexican drug cartels were running major gun-smuggling operations in the United States.

Embassy officials had queried the ATF field office in Phoenix, where Fast and Furious originated, and had been told that agents considered the large cartels their main targets to stop weapons trafficking, according to a government official close to the investigation of the ill-fated program.

"The ATF was doing Fast and Furious to take down the cartel kingpins," the official said. "The embassy wanted a different direction. It shows that there was very little communication between the two." The official spoke on condition of anonymity because he is not authorized to discuss the investigation publicly.

The cable advised the ATF to instead concentrate on arresting individual Mexican traffickers living legally in the U.S., and not the large cartels. The six-page document, labeled Sensitive But Unclassified, was obtained by The Times' Washington bureau.

While the cartels "are the largest consumer of illegal firearms in Mexico," the cable stressed, "they are not the primary trafficking agents of weapons going south from the United States."

"This was a shout-out from the embassy in Mexico," said the government official, who spoke on condition of anonymity because the investigation is ongoing. "The embassy knew something was awry when all these guns started showing up down there. But they were kept in the dark. They didn't understand why the guns kept getting through and ending up at so many Mexican homicides."

The cable was sent to the State Department in Washington, and copied to some 50 officials, including then-U.S. Ambassador to Mexico Carlos Pascual and Darren D. Gil, then the ATF attaché in Mexico City.

The document may be discussed on Tuesday when Rep. Darrell Issa (R-Vista), chairman of the House Oversight and Government Reform Committee, questions six ATF officials. The cable was sent to two of them – Gil and Carlos Canino, the ATF's acting attaché in Mexico.

On the Senate side, Charles E. Grassley (R-Iowa) is seeking answers about Fast and Furious. The Justice Department's inspector general also is investigating.

At ATF and Justice Department headquarters, officials declined to discuss specifics about Fast and Furious, also citing the investigations.

The cable debunked the ATF's assertion that the Rio Grande has become a virtual "Iron River" of weapons with the cartels seizing control over gun smuggling. "Rather," the memo said, "it appears there may be thousands of small streams."

It did note "the sheer magnitude" of weaponry going south, saying Mexican security forces had seized 83,466 weapons since the start of President Felipe Calderon's administration in Mexico in December 2006. At the time of the cable, some 25,000 people had been killed in the escalating Mexican violence.

Embassy officials were feeling pressure from the Mexican government to stop the guns. To that end, the cable said, "our best efforts have not produced massive seizures of weapons on the U.S. side of the border."

To make their point for arresting small traffickers, the embassy highlighted cases in California and Las Vegas.

Fifty-four firearms were recovered at a Mexican customs checkpoint in March 2009, eight months before Fast and Furious was launched. The ATF traced the weapons to a licensed dealer in California's San Joaquin Valley. Twelve Mexican citizens legally in the U.S. were identified as trafficking those weapons plus 442 more over the last four years.

"The case demonstrates general trends in arms trafficking, including the lack of a single large seizure, but rather multiple small shipments over a long period of time," the cable said.

They next cited a cache of semi-automatic weapons recovered by Mexican authorities in May 2010 from the Zetas cartel, and then traced by the ATF to a purchase in Las Vegas only 39 days earlier.

Taking down the small operators, the embassy said, was the best approach.

"If we cannot prosecute straw purchasers and traffickers in the United States, and put them in jail with serious sentences, then the trafficking will continue," they advised. "There is too much money to be made, and it will not stop until there is a tough price to be paid in U.S. jails."

Report Details Objections In ATF To 'Fast And Furious' Sting (WP)

By Sari Horwitz

Washington Post <http://www.washingtonpost.com/politics/report-details-objections-in-atf-to-fast-and-furious-gun-operation/2011/07/25/gIQADbOtZI_story.html> , July 26, 2011

When assault weapons from Phoenix showed up in large numbers at Mexican crime scenes last year, federal agents posted in Mexico City called their superiors in Washington and Phoenix and urged them to shut down any gun operation they might be running because of the mounting violence.

But their concerns were brushed aside, according to a new report that will be released Tuesday by Republican lawmakers. The report follows a congressional investigation of the controversial gunrunning sting, known as Operation Fast and Furious, that was overseen by the Phoenix office of the Bureau of Alcohol, Tobacco, Firearms and Explosives.

The frustration of Darren Gil, the former ATF attache to Mexico, reached such a boiling point that he got into a screaming match with his superior about the large volume of AK-47 variants and .50-caliber sniper rifles recovered at Mexican crime scenes and traced back to the same Phoenix gun stores.

"Hey, when are they going to shut this, to put it bluntly, damn investigation down," Gil recalled in congressional testimony. "We're getting hurt down here."

Gil, along with Carlos Canino, the acting ATF attache to Mexico, are scheduled to testify at 10 a.m. before the House Committee on Oversight and Government Reform. It is the second hearing on Fast and Furious in an investigation started by committee chairman Darrell Issa (R-Calif.) and Sen. Charles E. Grassley (R-Iowa), ranking member of the Senate Judiciary Committee. Also scheduled to testify at the hearing are several top ATF officials, including Assistant Director William McMahon and Bill Newell, former special agent in charge of the Phoenix field division, which oversaw Fast and Furious.

Fast and Furious, a 15-month operation that began in fall 2009, was an effort by ATF officials to implement a Justice Department strategy that focused on identifying and investigating Mexican drug cartel networks, rather than just arresting gun buyers.

Under the Phoenix plan, which was backed by Arizona U.S. Attorney Dennis Burke and funded by a Justice Department task force, agents watched and documented "straw purchasers" who bought guns from Phoenix area stores, to see where the guns would eventually end up. They also listened to a wiretap to get intelligence about how the drug traffickers smuggled firearms into Mexico.

Some ATF officials praise the operation as one of the agency's best because it gathered critical intelligence about drug cartels, especially the Sinaloa cartel, Mexico's largest and most powerful drug trafficking organization.

But a mutiny by several agents on the case led to the congressional investigation by Grassley and Issa.

In the committees' 60-page report released Tuesday, ATF officials in Mexico said neither ATF nor Justice, the parent agency of the firearms bureau, shared critical details about Fast and Furious with their own employees in Mexico or with Mexican officials.

"This is the perfect storm of idiocy," Canino told investigators. "Never in my wildest dreams ever would I have thought that this was a technique. Never. Ever. It is inconceivable to me."

Of the 2,020 firearms bought by straw purchasers during Fast and Furious, 227 have been recovered in Mexico, and 363 have been recovered in the United States. An additional 1,430 remain on the street.

The operation was halted after U.S. Border Patrol Agent Brian Terry was gunned down during a firefight in the Arizona desert on Dec. 14, 2010. Two AK-47 semi-automatic rifles recovered at the scene had been bought by one of the Fast and Furious suspects a year before.

"Unfortunately, there are hundreds of Brian Terrys probably in Mexico," Canino said. "We ATF armed the [Sinaloa] cartel. It is disgusting."

Guns At Mexican Crime Scenes Linked To U.S. Sting (NYT)

By Charlie Savage

New York Times <<http://www.nytimes.com/2011/07/26/us/26guns.html>> , July 26, 2011

WASHINGTON — Congressional investigators examining a gun-trafficking sting investigation known as Operation Fast and Furious have identified 122 weapons linked to the operation that have been recovered at crime scenes in Mexico, according to a report they are expected to release Tuesday.

The report, which offers new details about the operation, lists 48 occasions between November

2009 and February 2011 in which Mexican authorities found one or more such weapons, based on internal e-mails of the Bureau of Alcohol, Tobacco, Firearms and Explosives, whose Phoenix office set up the operation. It was compiled by the staffs of Representative Darrell Issa of California and Senator Charles E. Grassley of Iowa, the two Republicans leading the investigation.

"The faulty design of Operation Fast and Furious led to tragic consequences," the report concludes. "Countless United States and Mexican citizens suffered as a result."

The report also gives details of the murder of the brother of a Mexican law enforcement official and several shootouts involving Mexican police helicopters, alleging a tie to Fast and Furious guns because some were found among larger weapons caches connected to cartels. However, it offers no direct evidence that guns linked to the operation were used in those cases.

The report comes as the House Committee on Oversight and Government Reform, of which Mr. Issa is chairman, is preparing to hold a hearing on the operation on Tuesday that will focus on allegations by A.T.F. agents based in Mexico that they were kept in the dark about the operation, that they believed it was allowing guns to reach Mexican cartels, and that they were brushed off when they raised concerns.

Operation Fast and Furious was an investigation by the A.T.F.'s Phoenix office into a suspected network of "straw" gun buyers who were buying weapons, including a variant of the AK-47 assault rifle, from weapons dealers in the United States, where they may be legally purchased, for use by drug cartels based in Mexico, where it is illegal to sell such guns. It ran from around late 2009 to early 2011, and 20 people, to date, have been charged in connection with it.

The operation was internally controversial because some A.T.F. agents believed they should be moving to arrest the lower-level buyers and to intercept the guns more swiftly. The critics went to Congress after two guns linked to the operation were found at the scene of the murder of a Border Patrol agent in December.

Much remains murky about the operation. It is not clear, for example, how many of the roughly 2,000 guns linked to Fast and Furious the A.T.F. had an opportunity to intercept because they had enough evidence to arrest the buyer at the time or at least knew about the purchase as it was taking place. The agency entered some of the guns into its database of "suspect" serial numbers well after the guns had left a store, based on purchase paperwork rather than surveillance.

Last week, the Justice Department told Congress that the firearms bureau "was not aware of the majority of these purchases at the time they actually occurred." It also said that about 600 of the 2,000 guns were purchased before the agency identified the buyer as a suspected straw purchaser. Still, A.T.F. agents have described other instances in which they watched guns being purchased and followed the buyers to houses, but later broke off surveillance.

Details about the guns that have been recovered in Mexico also remain unclear. The new report lists 122 such weapons, but says its accounting is incomplete. It also cites an A.T.F. e-mail from December 2010 saying that 241 such guns had been recovered in Mexico - as well as a claim by a now-retired A.T.F. attaché to Mexico, Darren Gil, that put the figure at 700 by October 2010.

The new report describes how agency officials in Mexico noticed, starting in late 2009, that a disproportionate number of the guns that were being recovered at Mexican crime scenes were linked to Phoenix stores. It portrays them as raising questions, and later alarms, about what was happening, only to be told that it was "under control."

The report also asserts that the A.T.F. officials in Phoenix hid information about the Fast and Furious guns from their colleagues in Mexico by restricting access to the data in an electronic gun tracing system.

But Paul Pelletier, a lawyer for William Newell, the special agent in charge of the Phoenix office at the time of the operation, said such information was freely available to A.T.F. analysts in Mexico if they had used a separate procedure for searching the tracing system that is available only to the bureau.

Ginger Thompson contributed reporting.

Gun Probe Lost Track Of More Than 1,000 Weapons (WSJ)

By Evan Perez

Wall Street Journal <<http://online.wsj.com/article/SB10001424053111904772304576468701597018770.html>> , July 26, 2011

Full-text stories from the Wall Street Journal are available to Journal subscribers by clicking the link.

ATF 'Stonewalled' Agents On Botched Gun Probe, Report Says (CNN)

By Todd Schwarzschild And Drew Griffin, Cnn Special Investigations Unit

CNN <<http://www.cnn.com/2011/US/07/25/mexico.guns/>> , July 26, 2011

Washington (CNN) -- U.S. officials kept their Mexican counterparts in the dark about a widely criticized gun-trafficking probe even as rising numbers of weapons reached the hands of Mexico's drug cartels, a congressional committee reported Tuesday.

The Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives also held back key details about "Operation Fast and Furious" from agents based in Mexico City when they raised alarms, according to the report.

"Not only were they stonewalled by their colleagues, they were actively thwarted in their attempts to find out what was happening," the House Oversight and Government Reform Committee concluded.

"Fast and Furious" has been the subject of congressional investigations since December, when two weapons traced to the operation were found at the scene of a U.S. Border Patrol agent's killing in Arizona. More than 2,000 guns may have reached the hands of the cartels as a result of the probe, in which ATF agents allowed weapons bought in the United States to "walk" into Mexico.

"ATF senior leadership allegedly feared that any such disclosure would compromise their investigation," states the report, written by the joint staff of the committee. "Instead, ATF and DOJ leaderships' reluctance to share information may have only prolonged the flow of weapons from this straw purchasing ring into Mexico."

Carlos Canino, the ATF's acting attache in Mexico City, informed the country's attorney general of the probe only after learning that guns monitored by the investigation were involved in the killing of the brother of a top prosecutor in Mexico's Chihuahua state. Canino said he disclosed the operation despite the absence of clear direction from Washington "because I did not want her to find out through media reports where these guns had come from."

"If I hadn't told the attorney general this, and this had come out in the news media, I would never be able to work with her ever again, and we would be done in Mexico," the report quotes Canino. "We just might as well pack up the office and go home."

Even then, ATF officials in Mexico City did not learn the full extent of the "Fast and Furious" probe until after it was shut down, following the December killing of Border Patrol Agent Brian Terry.

The operation began in late 2009 and concluded in January. Investigators say the ATF allowed more than 2,000 weapons to be purchased illegally and transported in to Mexico, where heavily armed drug gangs have been battling Mexican authorities for control of the streets for several years.

In an interview with committee investigators, Canino called the operation "the perfect storm of idiocy" and warned, "Brian Terry is not the last guy."

"Unfortunately, there are hundreds of Brian Terrys, probably, in Mexico," he said.

The result has been a major black eye for the agency and put the future of its acting director, Kenneth Melson, under a cloud.

Canino and his then-boss, Darren Gil, were told to "stand down" about the Phoenix-based operation by ATF leaders in Washington, the report states.

"According to ATF leadership, not only was everything 'under control,' but everyone in ATF and DOJ were well aware of the investigation in Phoenix," the report states.

The congressional investigation has been led by Rep. Darrell Issa, R-California, the oversight committee's chairman, and by Iowa GOP Sen. Charles Grassley, whose office was approached by ATF whistleblowers.

Lawmakers have repeatedly questioned which top officials were told about the operation, and Tuesday's report names Assistant Attorney General Lanny Breuer as the top Justice Department official in the know. Wiretap applications were also signed "on behalf of" then-Deputy Attorney General David Ogden in the spring of 2010, the report adds.

The Justice Department did not respond to a request for comment on the report.

ATF Accused In Congressional Report Of 'Arming' Cartel For 'War' Through Operation Fast And Furious (FOX)

By William Lajeunesse

FOX News <<http://www.foxnews.com/politics/2011/07/26/atf-accused-in-congressional-report-arming-cartel-for-war-through-operation/>> , July 26, 2011

The failed federal anti-gunrunning program known as Operation Fast and Furious got so out of control in November 2009, it appeared the U.S. government was single-handedly "arming for war" the Sinaloa Cartel, documents show, even as ATF officials here kept lying to fellow agents in Mexico about the volume of guns it helped send south of the border.

Those shocking allegations are revealed in the latest congressional report investigating the operation.

At one point, agents say guns sold under the watch of the program took just 24 hours to travel from a gun store in Phoenix to a crime scene in Mexico. ATF agents there pleaded for help but were told nothing about Fast and Furious, which was intended to let guns "walk" in order to track them to higher-profile traffickers.

Meanwhile, the report claims the agents' superiors in Washington met every Tuesday, to review the latest sales figures and the number of guns recovered in Mexico.

"How long are you going to let this go on?" Steve Martin, an assistant director of intelligence operations asked the ATF top brass at meeting Jan. 5, 2010. None of the men responded and several quickly left the room, according to a transcript of the meeting.

By Feb. 27, 2010, Lanny Breuer, the head of the Criminal Division of the Justice Department in Washington, D.C., was allegedly told that the ATF had successfully helped sell 1,026 weapons worth more than \$650,000 to members of the Sinaloa cartel. The briefing included all top ATF officials, including the agents in charge in Los Angeles and Houston, as well as a half dozen top Justice Department attorneys.

"So there's no doubt after this briefing that guns in this case were being linked to the Sinaloa Cartel?" a congressional investigator asked Martin during a July 2011 interview.

"I'd say yes." Martin replied.

"Very apparent to everyone in the room?" the investigator asked.

"That's correct," Martin said.

Meanwhile, ATF agents in Mexico were seeing a flood of weapons coming south. When asked, ATF brass told the resident ATF attache in Mexico things were "under control."

"They were afraid I was going to brief the ambassador on it or brief the government of Mexico," said Darren Gil, former ATF attache in Mexico.

For months, officials assured Gil that Fast and Furious was going to be "shut down," but it wasn't.

"We're getting hurt down here," Gil told ATF International Affairs Chief Daniel Kumor.

Kumor reportedly raised Gil's concerns and was told the case "was going great," and nothing happened until the death of Agent Brian Terry in December 2010.

Ironically, a year before, in December 2009, Southwest Border Czar Ray Rowley threatened to expose Operation Fast and Furious because of "the large number of guns that had already been trafficked" but ATF officials talked him out of it.

When the case was finally revealed in the press, Gil said, "never in my wildest dreams ever would I have thought of (gun walking) as an (investigative) technique. Never. Ever. It was just inconceivable to me."

"You don't lose guns. You don't walk guns. You don't let guns out of your sight."

The precise number of casualties in Mexico isn't known, but ATF officials confirm the murder of Mario Gonzales Rodriguez, brother of the Chihuahua attorney general, with a Fast and Furious gun.

According to the report, the U.S. knew for eight months of the link between the ATF operation and his death, but refused to tell any Mexican officials. Finally the acting ATF attache told the Mexican Attorney General Maricela Morales. Her reply, "Hijole," which translates into "Oh my."

A Gunrunning Sting Gone Fatally Wrong (WP)

By Sari Horwitz

Washington Post <http://www.washingtonpost.com/investigations/us-anti-gunrunning-effort-turns-fatally-wrong/2011/07/14/gIQAH5d6YI_story.html> , July 26, 2011

Phoenix - They came from all over the country, agents with the Bureau of Alcohol, Tobacco, Firearms and Explosives, brought here in a bold new effort to shut down the flow of U.S. guns to Mexican drug cartels. It was called Operation Fast and Furious, after a popular movie about street car racing.

But from the beginning, much of the fury was inside the agency itself.

On his first day undercover, John Dodson, who had been an ATF agent for seven years in Virginia, sat in a Chevy Impala with Olindo Casa, an 18-year veteran from Chicago. They watched a suspected gun trafficker buy 10 semiautomatic rifles from a Phoenix gun store and followed him to the house of another suspected trafficker. All of their training told them to seize the guns.

The agents called their superior and asked for the order to "take him." The answer came back swiftly, instructing them to stay in the car. The message was clear: Let the guns go.

This was all part of an ambitious new strategy allowing Fast and Furious agents to follow the paths of guns from illegal buyers known as "straw purchasers" through middlemen and into the hierarchy of the powerful Sinaloa drug cartel.

But Dodson and Casa were confused and upset. ATF agents hate to let the guns "walk." Yet it happened again, day after day, month after month, for more than a year.

They feared the worst, and a year later it happened: A Border Patrol agent was killed in an incident in which Fast and Furious guns were found at the scene. And it was later revealed that the operation had allowed more than 2,000 weapons to hit the streets.

It is the agency's biggest debacle since the deadly 1993 confrontation in Waco, Tex. What began as a mutiny inside ATF's Phoenix office has blown up into a Capitol Hill donnybrook that is rocking the Justice Department.

"This is a mistake that could have and should have been prevented," said Rep. Darrell Issa, (R-Calif.), chairman of the House Committee on Oversight and Government Reform, which is investigating the operation.

The battle has hobbled Fast and Furious, a case that individuals inside ATF say held the promise of becoming one of the agency's best investigations ever.

"We have never been up so high in the Sinaloa cartel, the largest and most powerful drug cartel in the world," said a federal official involved in the case who spoke on the condition of anonymity. "This is an open, ongoing investigation. It is so unfair."

* * *

A risky plan

Fast and Furious began with a noble goal.

On Oct. 26, 2009, the directors of the FBI, the Drug Enforcement Administration and ATF and the top federal prosecutors in the Southwestern border states met with the deputy attorney general at the Justice Department to plot strategy for combating Mexican cartels. A key problem: the tens of thousands of guns coming from the United States to arm the drug traffickers.

Agents along the border had long been frustrated by what one ATF supervisor later called "toothless" laws that made it difficult to attack gun-trafficking networks. Straw buyers – people with no criminal record who purchase guns for criminals or illegal immigrants who can't legally buy them – are subject to little more than paperwork violations. Even people convicted of buying AK-47s meant for the cartels typically just get probation for lying on a federal form attesting that they were buying the guns for themselves. With such a light penalty, it is hard to persuade those caught to turn informant against their bosses. And federal prosecutors rarely want to bring such charges because they do not consider the effort worth their time, according to ATF supervisors.

At the meeting in Washington, a new strategy was proposed. Instead of emphasizing the seizure of weapons in individual cases, the strategy focused on identifying and eliminating the pipelines that moved the weapons. The goal was to bring down the trafficking network, not just the people on the lowest rung.

The new strategy arrived in Phoenix the next day. But it had already been ATF policy for at least seven months. The task of implementation had gone to Bill Newell, the head of ATF's Phoenix office, and his senior managers. Newell was a 20-year veteran who had worked the border for a decade and speaks fluent Spanish.

To identify the networks, the agents would watch and document as the straw buyers transferred guns to middlemen. The agents would be instructed not to move in and question the men but to let the guns go and see where they eventually ended up.

The reasoning was that an arrest of a straw purchaser would not get ATF the bigger fish; the buyer would get a light punishment, if any, and the cartel could just find another buyer. By not immediately arresting the straw buyers, the agents could follow them and their associates, wiretapping conversations, and possibly charge them with serious crimes such as conspiracy, drug trafficking and money laundering.

The plan they developed was permitted under ATF rules, had the legal backing of U.S. Attorney Dennis K. Burke in Phoenix, and had been approved and funded by a task force at the Justice Department, ATF's parent agency.

Nevertheless, it was risky. In drug-trafficking cases, investigating agents, by law, cannot let drugs "walk" onto the street. Since gun sales are legal, agents on surveillance are not required to step in and stop weapons from hitting the streets and must have probable cause to make an arrest. But the danger in letting guns go is obvious.

In November 2009, Newell's agents in "Group 7," one of the squads in the office, began following a particularly busy suspected gun trafficker. In 24 days, he bought 34 firearms. The next month, the man and his associates bought 212 more.

The case began to grow exponentially, with more than two dozen suspected straw purchasers. It was named Fast and Furious because the suspects operated out of a sprawling auto repair shop and raced cars on the streets, like Vin Diesel, the star of the movie.

But a mutiny was brewing in Group 7. Dodson, Casa and two other agents were furious about letting the guns walk. The chemistry in the office was bad. Many of the agents had been sent in from outside Phoenix and were working together for the first time under David Voth, a Marine Corps veteran and brand-new supervisor sent in from Minnesota. The agents' outrage overrode any sense of loyalty to their bosses.

Every day, Dodson and the other agents watched and stewed while the straw purchasers bought boxes of guns and sometimes took the weapons to stash houses and cars waiting in parking lots. Each time they called in to supervisors, they were told to stand down.

The agents, operating out of office space in downtown Phoenix, clashed with Voth and the agent running the case, Hope MacAllister, who they felt ignored their concerns. Neither Voth nor MacAllister responded to requests for comment.

"We were all sick to death when we realized . . . what was going on," Casa later testified. Arguments ended in screaming and threats by supervisors.

"I will be damned if this case is going to suffer due to petty arguing, rumors, or other adolescent behavior," Voth wrote in a March 2010 e-mail. "I don't know what all the issues are but we are all adults, we are all professionals, and we have an exciting opportunity to use the biggest tool in our law enforcement tool box. If you don't think this is fun you are in the wrong line of work - period!"

ATF agents stationed in Mexico were also raising objections, according to a congressional report that will be released Tuesday. Darren Gil, ATF attache to Mexico, and his deputy, Carlos Canino, were alarmed by the large number of weapons being recovered at bloody crime scenes in Mexico and being traced to Phoenix.

"Hey, when are they going to shut this, to put it bluntly, damn investigation down,'" Gil recalled yelling at his boss. "We're getting hurt down here."

ATF and Justice didn't tell Mexican officials about the 15-month operation until it became public, according to the report.

In May 2010, Dodson asked his supervisors whether they "were prepared to attend the funeral of a slain agent or officer after he or she was killed with one of those straw-purchased firearms."

Dodson later told a congressional committee that Voth responded to the complaints by saying, "If you are going to make an omelet, you need to scramble some eggs."

Voth denies making that comment or that Dodson raised the possibility of slain agents, said a law enforcement official involved in the case who has been instructed by his superiors not to talk to the media about the case. The official also described both Voth and MacAllister as hard-working and conscientious agents.

* * *

A death in the desert

Late on the evening of Dec. 14, 2010, U.S. Border Patrol agent Brian Terry and other officers were patrolling Peck Canyon, in the Arizona desert about 11 miles inside the Mexican border. The region was a hotbed for bandits who ambushed illegal immigrants.

Nicknamed "Superman" for his good looks and strength, the 40-year-old Terry was planning to fly to Michigan for Christmas with his family after his shift ended.

Suddenly, the group got into a firefight with five suspected illegal immigrants. At first, Terry and the officers fired "less than lethal" beanbag guns, an FBI report said. But the suspects fired assault weapons. Then the agents resorted to live ammunition.

Terry was fatally shot in the melee. Investigators made four arrests and found two AK-47 semiautomatic rifles nearby.

Within hours, the news spread inside ATF: The serial numbers on the two rifles matched guns bought by one of the Fast and Furious suspects a year before outside Phoenix. The bullet that killed Terry was so damaged that neither of the firearms could be definitively linked to his killing, according to a law enforcement official in the case.

Terry's death was the last straw for Dodson. He said he tried to contact ATF headquarters, ATF's chief counsel, the ATF ethics section and the Justice Department's Office of the Inspector General.

When he didn't get an immediate response, he and other agents reached out to Sen. Charles Grassley (R-Iowa), the ranking minority member of the Senate Judiciary Committee.

At the same time, word was leaking out to bloggers on gun rights. They began posting that there was a dark side to the still-unpublicized Fast and Furious.

On Dec. 22, an item appeared on Cleanupatf.org, a site founded by dissident ATF agents. The post said that an ATF official in Phoenix "approved more than 500 AR-15 type rifles" to be "walked" to Mexico. Some bloggers speculated that ATF was encouraging the smuggling to boost the numbers of U.S. weapons recovered in Mexico to gain support for an assault-weapons ban.

* * *

'A blatant lie'

The public first learned about Fast and Furious in late January of this year when U.S. Attorney Burke called a news conference in Phoenix to announce a 53-count indictment involving 20 suspects. The indictment alleged that from September 2009 to December 2010, the suspects bought hundreds of firearms to be illegally exported to Mexico.

To Newell, who was also at the news conference, Fast and Furious was a "phenomenal case," the largest-ever Mexican gun-trafficking investigation, a direct answer to the call to stem the flow of firearms south of the border.

A local reporter asked Newell about the rumors that ATF agents had purposely allowed firearms to enter Mexico.

"Hell, no!" he answered. Newell said that they could not follow everyone and that sometimes suspects would elude agents, which could result in guns getting into Mexico.

Peter Forcelli, an ATF group supervisor in the Phoenix office, watched the news conference on television. "I was appalled," he later testified to Congress. "Because it was a blatant lie."

Two days later, Grassley wrote to the acting ATF director, Kenneth E. Melson, asking whether the gun-walking allegations were true. An answer came from Assistant Attorney General for Legislative Affairs Ronald Weich, who relied on ATF for his information: "The allegation - that ATF 'sanctioned' or otherwise knowingly allowed the sale of assault weapons to a straw purchaser who then transported them into Mexico - is false."

While technically correct - the straw purchasers transferred the weapons to middlemen and did not take them to Mexico themselves - those words would come back to haunt ATF and Justice at a congressional hearing.

Weich also wrote to Grassley that under long-standing practice, Justice would not release investigative documents to him because he was not the chairman of the Judiciary Committee.

Grassley was infuriated. "The Justice Department is an ache in my rear," he said during a Judiciary Committee markup session.

* * *

'Felony stupid'

Grassley soon teamed with Issa, the new chairman of the House Committee on Oversight and Government Reform, who had the subpoena power that Grassley lacked.

On March 31, 2011, Issa subpoenaed the Fast and Furious documents. Two and a half months later, Issa and Grassley released a scathing report calling the operation "ill-conceived" and "abhorrent." On June 15, Issa held a hearing, bringing together

Weich, whistleblowers and relatives of Terry, the slain Border Patrol agent.

From the dais, Issa grilled Weich.

"Who authorized this program that was so felony stupid that it got people killed?" Issa said.

Weich answered that he didn't know but said that Justice's inspector general was now investigating.

After the hearing, the story received the dubious distinction of being lampooned by Jon Stewart on "The Daily Show": "The ATF plan to prevent American guns from being used in Mexican gun violence is to provide Mexican gangs with American guns. If this is the plan that they went with, what plan did we reject?"

The spotlight was now moving toward senior Justice officials, including Attorney General Eric H. Holder Jr. The attorney general told Issa that he did not learn about Fast and Furious until this spring. President Obama had said that Holder told him he would not have allowed guns to go into Mexico.

At the hearing, Rep. Elijah Cummings (Md.), the top Democrat on the committee, tried to turn the discussion toward gun control, noting that even the whistleblowers said they didn't have the tools to stop firearms trafficking to Mexico.

Issa cut Cummings off, saying that was not their focus.

* * *

Fourth of July meeting

Through it all, ATF Director Melson sat in his office on New York Avenue in mounting frustration. He watched Congress pummel his agency and Issa call for his resignation while he said he was instructed by Justice to say nothing.

Melson had known there was a massive case being run out of Phoenix, but he later said he wasn't aware of the operational details or the agents' discontent.

After the outcry, Melson plunged into the case file, reading it at his kitchen table in Northern Virginia and on an airplane flight. It tied his stomach in knots, he said, and in mid-flight he composed an

e-mail telling Justice officials that their public stance was inconsistent with the documents.

Shortly after Issa's hearing, Melson, a career prosecutor for more than 30 years, read in the newspaper that he might be fired.

On Friday, July 1, 2011, Grassley's chief investigator sent Melson an e-mail, alerting him to concerns of retaliation against the Group 7 agents. He gave Melson his cellphone number and told him to call anytime.

By Sunday, Melson told the investigator he was ready to testify.

The next day, July 4, an extraordinary meeting took place: The embattled head of a federal agency went in secret to Capitol Hill to talk to the political enemies of his bosses in the Obama administration.

From 10 a.m. to 4 p.m., as crowds gathered downtown for the fireworks, Melson testified behind closed doors to about 10 congressional staffers sitting around a long witness table in the Rayburn Building. So intent were Melson and Richard Cullen, the private lawyer he retained, that they did not eat or drink for six hours.

"I would have given \$5 for a pretzel," said Cullen, Melson's longtime friend and a former U.S. attorney.

Melson said mistakes had been made by the ATF. He said guns should have been interdicted in certain instances. He was frustrated that Justice had not let him speak to Congress months earlier. And he said Justice officials seemed to be more concerned about protecting the political appointees at the top of the department.

After Melson's testimony, Issa and Grassley wrote a five-page letter embracing the ATF director and warning Holder not to fire or retaliate against him. Grassley and Issa also demanded the e-mails, internal memos and handwritten notes of 12 Justice officials who they said were aware of Fast and Furious.

"I do have serious concerns that the attorney general should have known a lot more than he says he knew," said Issa, who is holding another Fast and Furious hearing Tuesday. "In some ways, I'm more disappointed that he's saying he didn't know than if he says he was getting

briefings and he didn't understand."

Some ATF officials still insist that Fast and Furious is a success, saying the case will soon lead to the indictment of as many as two dozen high-level traffickers. They fear the controversy could rob the agency of the will to pursue the biggest gun-trafficking cases.

"I am concerned that the lasting effect of this premature and stilted inquiry will be that the citizens of this country ultimately will be less safe as ATF agents will be less inclined to work the hard cases necessary to cut off the head of the snake," said Paul Pelletier, a former Justice official and the attorney for Newell. "The shame of it is that the careers of these terrific public servants have been unfairly tarnished at the expense of public theater."

Altogether, the straw purchasers bought 2,020 firearms during Fast and Furious, according to law enforcement officials. Of those guns, 227 were recovered in Mexico; 363 have been recovered in the United States.

An additional 1,430 remain on the streets.

Issa: ATF Warns Witnesses To Limit Testimony (WT)

'Fast and Furious' gun running probe stymied

By Stephen Dinan And Chuck Neubauer

Washington Times <<http://www.washingtontimes.com/news/2011/jul/26/issa-atf-warns-witnesses-to-limit-testimony/>> , July 26, 2011

The Obama administration sought to intimidate witnesses into not testifying to Congress on Tuesday about whether ATF knowingly allowed weapons, including assault rifles, to be "walked" into Mexico, the chairman of a House committee investigating the program said in an interview Monday.

House Oversight and Government Reform Committee Chairman Darrell E. Issa, California Republican, said at least two scheduled witnesses expected to be asked about a controversial weapons investigation known as "Fast and Furious" received warning letters from the Bureau of Alcohol, Tobacco, Firearms and Explosives to limit their testimony.

Mr. Issa's committee is set to hear testimony from six current or former ATF employees, including agents and attaches assigned to the bureau's offices in Mexico, about the operation — in which, federal agents say, they were told to stand down and watch as guns flowed from U.S. dealers in Arizona to violent criminals and drug cartels in Mexico.

The six-term lawmaker aired his concerns about the program in a wide-ranging interview with reporters and editors at The Washington Times on Monday.

Among other questions, the agents are likely to be asked about a large volume of guns showing up in Mexico that were traced back to the Fast and Furious program; whether ATF officials in that country expressed concerns about the weapons to agency officials in the U.S., only to be brushed aside; and whether ATF officials in Arizona denied ATF personnel in Mexico access to information about the operation.

Nearly 50 weapons linked to the Fast and Furious program have been recovered to date in Mexico. Committee investigators said Mexican authorities also were denied information about the operation.

Mr. Issa also said he is certain the Fast and Furious operation was known by most top officials at the Justice Department and that Attorney General Eric H. Holder Jr. either knew and misled Congress, or was so out of the loop that he's guilty of mismanagement.

"How is it that the No. 2, 3, 4 at Justice all knew about this program, but the No. 1 didn't?," Mr. Issa said. "Is it because he said 'don't tell me'? Is it because they knew what they were doing is wrong, and they were protecting their boss? Or is it that Eric Holder is just so disconnected ... ?

"Whichever it is — he knew and he's lied to Congress, or he didn't know, and he's so detached that he wasn't doing his job — that really probably is for the administration to make a decision on, sooner not later," Mr. Issa said.

Those scheduled to testify are William McMahon, ATF deputy assistant director for field operations in Phoenix and Mexico; William Newell, former ATF special agent in charge at the Phoenix field division; Carlos Canino, ATF acting attache to Mexico; Darren Gil, former ATF attache to Mexico; Jose Wall, ATF senior agent in Tijuana, Mexico; and Lorren Leadmon, ATF intelligence operations specialist.

But after receiving subpoenas, at least two of the agents got letters from ATF Associate Chief Counsel Barry S. Orlow warning them to keep certain areas off-limits, including those still under investigation. Neither of the targeted agents was identified.

Mr. Issa said at least one witness wanted to back out of testifying to his committee after receiving the letter, but the chairman declined that request. Instead he fired a letter back to William J. Hoover, deputy director of ATF, saying the "timing and content of this letter strongly suggest that ATF is obstructing and interfering with the congressional investigation."

ATF, in a statement, said letters sent to agents subpoenaed to testify before Congress are "essentially the same as the standard document provided to ATF witnesses subpoenaed to testify in court." It said the witnesses are "encouraged to answer fully and candidly all questions concerning matters within his personal knowledge," but provide "guidance" about revealing statutorily prohibited information.

Mr. Orlow did not return messages left on his office and cell phones.

The Fast and Furious operation was halted in January after U.S. Border Patrol Agent Brian A. Terry was killed in a Dec. 15 shootout with Mexican bandits 10 miles north of the U.S.-Mexico border near Rio Rico, Ariz. Authorities said two AK-47 assault rifles found at the scene were traced back to Fast and Furious "straw buyers."

Mr. Issa said the ATF operation showed a "callous disregard for what those weapons can and have done to Mexican citizens and even to one, perhaps two U.S. citizens and probably more before it is over." His comment referred to new information that another weapon found at the scene of the ambush killing Feb. 15 of U.S. Immigration and Customs Enforcement (ICE) Agent Jaime Zapata also was traced back to a straw buyer.

President Obama and Mr. Holder have both disavowed the program, and Mr. Holder said it was running without their approval.

Told of Mr. Issa's concerns, Justice Department spokeswoman Tracy Schmalzer referred questions about the attorney general's knowledge back to remarks in March when he said he referred concerns raised by ATF agents to the department's Office of Inspector General, who is conducting an investigation.

When ATF field agents first began to question the Fast and Furious program, they received an email from their supervisor, David J. Voth, who wrote, "We all need to get along and realize that we have a mission to accomplish." In a March 12, 2010, email, Mr. Voth said he was "thrilled and proud" his group was involved and assured the agents that "people of rank and authority at HQ are paying close attention.

"It may sound cheesy, but we are the tip of the ATF spear when it comes to Southwest border firearms trafficking. I will be damned if this case is going to suffer due to petty arguing, rumors or other adolescent behavior," he wrote. "If you don't think this is fun, you're in the wrong line of work - period.

"This is the pinnacle of domestic U.S. law enforcement techniques. After this, the toolbox is empty," he said. "Maybe the Maricopa County Jail is hiring detention officers, and you can get paid \$30,000 (instead of \$100,000) to serve lunch to inmates all day."

Federal Player Of The Week: Tracing Guns To Assist In Criminal Investigations (WP)

By Partnership For Public Service

Washington Post <http://www.washingtonpost.com/politics/federal-player-of-the-week-tracing-guns-to-assist-in-criminal-investigations/2011/07/25/gIQAWqBIZI_story.html> , July 26, 2011

Every year, armed criminals commit hundreds of thousands of violent crimes, sometimes leaving their guns behind and providing potentially significant clues for law enforcement.

That's where the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) National Tracing Center (NTC) comes into play. In fiscal 2010, the small federal agency traced nearly 337,000 recovered firearms for U.S. law enforcement agencies and international partners.

Based in West Virginia, the NTC is the country's only facility that tracks firearms from a manufacturer to a purchaser. The center aids law enforcement in identifying suspects involved in criminal violations, detects firearms trafficking, and tracks the intrastate, interstate and international movement of crime guns.

The unique center is headed by ATF Special Agent Charles J. Houser, who is credited with building NTC's capacity, responding quickly to urgent requests from police and introducing eTrace, an Internet-based system that allows participating law enforcement agencies to submit firearm traces to NTC and receive firearm trace results electronically.

The NTC averages more than 1,200 law enforcement trace requests per day and successfully identifies the first retail purchaser more than 70 percent of the time. The inability to identify a retail purchaser is usually the result of an invalid firearms description within the initial trace request or cases where the gun was made before 1968 when firearms dealers were not required to maintain records.

There are countless instances where NTC has helped law enforcement in their investigations. In 2007, for example, the center performed a trace on the gun used in the murder of 32 students and faculty at Virginia Tech. In January 2011, the agency responded to an urgent request from police in Tucson, Ariz., to trace the background of the gun involved in the shooting of 19 people, including Rep. Gabrielle Giffords. In March 2011, NTC helped a Michigan police department link a gun to a suspect in the murder of a public safety officer.

Det. Sgt. Kenneth Berger of the Montgomery County Police Department in Maryland said the NTC "has helped us prosecute and convict a dozen gun traffickers in the last eight or nine years, and has helped us take hundreds of guns off the street." He said the program has been indispensable to the department's investigations.

Currently, NTC has 21,250 registered users of its eTrace system and relationships with 3,275 law enforcement agencies and 31 participating foreign countries. During fiscal years 2008-2010, NTC improved its average trace turnaround time for routine trace requests by 50 percent, from 18 days to 9 days, and improved the average urgent trace request from two days to less than one day.

"Charles has a natural strategic mind on what needs to get done," said Katrina Masterson, an ATF program analyst. "He truly believes in the power of what the NTC can do for law enforcement agencies and for the American people."

Houser said every request is "treated as critically important," and emphasized he and his staff "hope that each trace will contribute in some way toward solving a crime.

"When you halt an illegal source of firearms or help take down a street gang, you can literally help a community overnight," said Houser.

Arthur Herbert, ATF's assistant director of the Office of Enforcement Programs and Services, said Houser and his staff face constant demands, and must be "extremely flexible, adaptable and innovative in getting their job done."

"They'll often have to shift around resources and workloads on a weekly basis," Herbert said. "Charles is absolutely instrumental in knowing how to achieve his mission with very limited resources."

In order to conduct a gun trace, the NTC contacts the manufacturer or importer of the firearm, and follows the trail to the wholesaler, the retailer and the purchaser. If federal firearm licensees have gone out of business, they must send their paper records to NTC, which then digitizes the documents for use when needed.

Under Houser's guidance, NTC executed a long-term strategy, in partnership with the Department of State, to promote the use of its tracing services throughout the world in order to track the international flow of illegal guns.

Since 2008, ATF has successfully deployed the use of eTrace in Mexico, Canada, Central America, the Caribbean, as well as Germany, Belgium, Australia and Japan. The NTC is currently working with the State Department to expand eTrace in South America.

This international involvement has led to a substantial number of requests from Mexico, and an opportunity for NTC to help trace the source of guns used by the violent Mexican drug cartels. Houser said this is one means to "disrupt or reduce illegal firearms traffic into Mexico."

Charlayne Armentrout, the chief of staff for ATF's Office of Enforcement Programs and Services, said Houser is always seeking to improve the services to the law enforcement community.

"Charles and his entire team are a powerful reminder of what we as public servants are striving to achieve," she said.

This article was jointly prepared by the Partnership for Public Service, a group seeking to enhance the performance of the federal government, and washingtonpost.com. Go to <http://washingtonpost.com/wp-srv/politics/fedpage/players/> to read about other federal workers who are making a difference.

From: Raman, Mythili (CRM)
Sent: Tuesday, July 26, 2011 8:55 AM
To: Finelli, Alisa (SMO); Weinstein, Jason (CRM); Pope, Amy (CRM)
Cc: Sweeney, Laura (SMO)
Subject: Re: clips

If the actual report is released, pls forward to me.

From: Finelli, Alisa (SMO) <Alisa.Finelli2@usdoj.gov>
To: Raman, Mythili; Weinstein, Jason; Pope, Amy
Cc: Sweeney, Laura (SMO) (JMD)
Sent: Tue Jul 26 07:10:30 2011
Subject: clips

Stories that posted overnight on new report from the House committee are below.

Justice's Bungled Gun Sting

The Daily Beast

A House committee report blasts the Justice Department over an ATF operation where guns ended up with Mexican drug cartels and at crime scenes on both sides of the border. By John Solomon.

by John Solomon <<http://www.thedailybeast.com/contributors/john-solomon.html>> | July 26, 2011 1:53 AM EDT

A House committee is accusing top Justice Department <<http://www.thedailybeast.com/cheats/2011/07/21/justice-dept-to-subpoena-news-corp.html>> officials of turning a blind eye to a bungled gun sting that allowed hundreds of semiautomatic weapons to flow <<http://www.newsweek.com/blogs/declassified/2010/05/17/is-the-flow-of-u-s-weapons-to-mexican-drug-cartels-increasing-under-obama.html>> to straw buyers for Mexican drug cartels <<http://www.newsweek.com/blogs/the-gaggle/2010/03/29/right-wing-the-mexican-drug-cartel-stimulus-package.html>> and be used in crimes on both sides of the border.

In an investigative report to be released Tuesday, the House Oversight and Government Reform Committee lays out detailed evidence that guns from a Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) <<http://www.thedailybeast.com/cheats/2011/06/20/atf-chief-to-step-down-report.html>> operation known as Operation Fast and Furious fell into the hands of criminals with federal agents' knowledge and were used in crimes.

"The faulty design of Operation Fast and Furious led to tragic consequences," said the report,

obtained early by The Daily Beast. "Countless United States and Mexican citizens suffered as a result."

The report also discloses that a top Justice Department official was sent by Assistant Attorney General Lanny Breuer <<http://www.thedailybeast.com/articles/2010/03/15/holders-next-headache.html>> to a briefing in 2010 in which concerns about the bungled sting—particularly the large number of weapons it allowed to flow into Mexico—were discussed, but there was no action to halt the operation. As a result, more guns flowed across the border for months until two weapons from the bungled sting showed up at the scene of the murder of a U.S. border agent last December, forcing the immediate shutdown of the case, the report states.

Earlier this year when the gun controversy first erupted, Justice officials claimed they didn't know anything about the controversial tactics used in the Arizona-based operation. But the congressional report concludes that senior Justice officials did know about the operation and should have acted sooner to stop the tactics.

The report quotes ATF officials in Mexico who allege that Breuer, who oversees all criminal prosecutions inside the Justice Department, attended a meeting with them in summer 2010 and made statements suggesting to them he was aware of the Arizona case and expected it to result in a good outcome.

"The Department of Justice and more specifically Assistant Attorney General Lanny Breuer, clearly knew about Operation Fast and Furious," the report concludes. "...Instead of stemming the flow of firearms to Mexico, Operation Fast and Furious arguably contributed to an increase in weapons and violence."

Justice Department spokeswoman Tracy Schmalzer said Monday night the department had not yet seen the congressional report and couldn't comment on its conclusions.

The bungled gun sting, which began in late 2009 and was finally shut down in early 2011, has spawned controversy on both sides of the border after revelations that ATF agents were instructed to knowingly let guns "walk" into the hands of drug cartel <<http://www.thedailybeast.com/cheats/2011/06/21/mexican-drug-lord-arrested.html>> straw buyers with the expectation the weapons would flow across the border into Mexico's drug wars.

The agency allowed more than 1,700 weapons to flow to the straw buyers, abandoning its normal tactic of trying to interdict such weapons. As a result, hundreds of the guns that "walked" later showed up at crime scenes, murders and drug seizures on both sides of the border. ATF has said it hoped the controversial tactic would allow its agents to trace guns used in crimes in Mexico to the cartels, allowing for bigger prosecutions.

President Obama has since said he believes the strategy was mistaken. Justice ordered an internal review and instructed federal law enforcement to return to the practice of interdicting weapons as soon as they fall into the hands of criminals.

The House committee investigation, led by Rep. Darrell Issa <<http://www.newsweek.com/2010/09/07/darrell-issa-could-investigate-president-obama.html>> , R-Calif., has tried to determine who in government knew about the sting and approved of its tactics.

ATF 'stonewalled' agents on botched gun probe, report says

Washington (CNN) -- U.S. officials kept their Mexican counterparts in the dark about a widely criticized gun-trafficking probe even as rising numbers of weapons reached the hands of Mexico's drug cartels, a congressional committee reported Tuesday.

The Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives also held back key details about "Operation Fast and Furious" from agents based in Mexico City when they raised alarms, according to the report.

"Not only were they stonewalled by their colleagues, they were actively thwarted in their attempts to find out what was happening," the House Oversight and Government Reform Committee concluded.

"Fast and Furious" has been the subject of congressional investigations since December, when two weapons traced to the operation were found at the scene of a U.S. Border Patrol agent's killing in Arizona. More than 2,000 guns may have reached the hands of the cartels as a result of the probe, in which ATF agents allowed weapons bought in the United States to "walk" into Mexico.

"ATF senior leadership allegedly feared that any such disclosure would compromise their investigation," states the report, written by the joint staff of the committee. "Instead, ATF and DOJ leaderships' reluctance to share information may have only prolonged the flow of weapons from this straw purchasing ring into Mexico."

Carlos Canino, the ATF's acting attache in Mexico City, informed the country's attorney general of the probe only after learning that guns monitored by the investigation were involved in the killing of the brother of a top prosecutor in Mexico's Chihuahua state. Canino said he disclosed the operation despite the absence of clear direction from Washington "because I did not want her to find out through media reports where these guns had come from."

"If I hadn't told the attorney general this, and this had come out in the news media, I would never be able to work with her ever again, and we would be done in Mexico," the report quotes Canino. "We just might as well pack up the office and go home."

Even then, ATF officials in Mexico City did not learn the full extent of the "Fast and Furious" probe until after it was shut down, following the December killing of Border Patrol Agent Brian Terry.

The operation began in late 2009 and concluded in January. Investigators say the ATF allowed more than 2,000 weapons to be purchased illegally and transported in to Mexico, where heavily armed drug gangs have been battling Mexican authorities for control of the streets for several years.

In an interview with committee investigators, Canino called the operation "the perfect storm of idiocy" and warned, "Brian Terry is not the last guy."

"Unfortunately, there are hundreds of Brian Terrys, probably, in Mexico," he said.

The result has been a major black eye for the agency and put the future of its acting director, Kenneth Melson, under a cloud.

Canino and his then-boss, Darren Gil, were told to "stand down" about the Phoenix-based operation by ATF leaders in Washington, the report states.

"According to ATF leadership, not only was everything 'under control,' but everyone in ATF and DOJ were well aware of the investigation in Phoenix," the report states.

The congressional investigation has been led by Rep. Darrell Issa, R-California, the oversight committee's chairman, and by Iowa GOP Sen. Charles Grassley, whose office was approached by ATF whistleblowers.

Lawmakers have repeatedly questioned which top officials were told about the operation, and Tuesday's report names Assistant Attorney General Lanny Breuer as the top Justice Department official in the know. Wiretap applications were also signed "on behalf of" then-Deputy Attorney General David Ogden in the spring of 2010, the report adds.

The Justice Department did not respond to a request for comment on the report.

ATF Accused in Congressional Report of 'Arming' Cartel for 'War' Through Operation Fast and Furious

Fox News

By William Lajeunesse

Published July 26, 2011 | FoxNews.com

The failed federal anti-gunrunning program known as Operation Fast and Furious got so out of control in November 2009, it appeared the U.S. government was single-handedly "arming for war" the Sinaloa Cartel, documents show, even as ATF officials here kept lying to fellow agents in Mexico <<http://www.foxnews.com/topics/mexico.htm>> about the volume of guns it helped send south of the border.

Those shocking allegations are revealed in the latest congressional report investigating the operation.

At one point, agents say guns sold under the watch of the program took just 24 hours to travel from a gun store in Phoenix to a crime scene in Mexico. ATF agents there pleaded for help but were told nothing about Fast and Furious, which was intended to let guns "walk" in order to track them to higher-profile traffickers.

Meanwhile, the report claims the agents' superiors in Washington met every Tuesday, to review the latest sales figures and the number of guns recovered in Mexico.

"How long are you going to let this go on?" Steve Martin <<http://www.foxnews.com/topics/entertainment/movies/actors/steve-martin.htm>> , an assistant director of intelligence operations asked the ATF top brass at meeting Jan. 5, 2010. None of the men responded and several quickly left the room, according to a transcript of the meeting.

By Feb. 27, 2010, Lanny Breuer, the head of the Criminal Division of the Justice Department <<http://www.foxnews.com/topics/politics/justice-department.htm>> in Washington, D.C., was allegedly told that the ATF had successfully helped sell 1,026 weapons worth more than \$650,000 to members of the Sinaloa cartel. The briefing included all top ATF officials, including the agents in charge in Los Angeles and Houston, as well as a half dozen top Justice Department attorneys.

"So there's no doubt after this briefing that guns in this case were being linked to the Sinaloa Cartel?" a congressional investigator asked Martin during a July 2011 interview.

"I'd say yes." Martin replied.

"Very apparent to everyone in the room?" the investigator asked.

"That's correct," Martin said.

Meanwhile, ATF agents in Mexico were seeing a flood of weapons coming south. When asked, ATF brass told the resident ATF attache in Mexico things were "under control."

"They were afraid I was going to brief the ambassador on it or brief the government of Mexico," said Darren Gil, former ATF attache in Mexico.

For months, officials assured Gil that Fast and Furious was going to be "shut down," but it wasn't.

"We're getting hurt down here," Gil told ATF International Affairs Chief Daniel Kumor.

Kumor reportedly raised Gil's concerns and was told the case "was going great," and nothing happened until the death of Agent Brian Terry in December 2010.

Ironically, a year before, in December 2009, Southwest Border Czar Ray Rowley threatened to expose Operation Fast and Furious because of "the large number of guns that had already been trafficked" but ATF officials talked him out of it.

When the case was finally revealed in the press, Gil said, "never in my wildest dreams ever would I have thought of (gun walking) as an (investigative) technique. Never. Ever. It was just inconceivable to me."

"You don't lose guns. You don't walk guns. You don't let guns out of your sight."

The precise number of casualties in Mexico isn't known, but ATF officials confirm the murder of Mario Gonzales Rodriguez, brother of the Chihuahua attorney general, with a Fast and Furious gun.

According to the report, the U.S. knew for eight months of the link between the ATF operation and his death, but refused to tell any Mexican officials. Finally the acting ATF attache told the Mexican Attorney General Maricela Morales. Her reply, "Hijole," which translates into "Oh my."

Read more: <http://www.foxnews.com/politics/2011/07/26/atf-accused-in-congressional-report-arming-cartel-for-war-through-operation/#ixzz1TCzEki2k> <<http://www.foxnews.com/politics/2011/07/26/atf-accused-in-congressional-report-arming-cartel-for-war-through-operation/>>

New report shows American ATF officials in Mexico were kept in dark about 'Operation Fast and Furious'

The Washington Examiner

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In the fall of 2009, American officials from the Bureau of Alcohol, Tobacco, Firearms and Explosives who were stationed in Mexico started noticing a sharp spike in the number of guns heading into the country. But what made things especially strange was that many of them were being traced back to the ATF's own field office in Phoenix.

Over the next year, ATF's Mexico-based officials raised louder and louder alarms all the way to Washington, as the number of guns flooding into Mexico grew from the hundreds into the thousands, and even more disturbingly, a number of them flowed into the hands of Mexican drug cartels.

During this time, the United States representatives in Mexico were kept completely in the dark about the so-called "investigation." Little did they know that the surge in guns heading into Mexico was no accident, but part of an elaborate but ill-conceived effort by the Obama administration to allow front men to purchase guns in Arizona and sell them to smugglers, in the hopes that it would eventually lead U.S. law enforcement officials to Mexican drug cartels.

From at least early 2010, their superiors assured the ATF officials in Mexico that everything was "under control" and that the investigation would soon end. Yet it only ended in January 2011. By then, guns that were part of the investigation had already been linked to the tragic murder of U.S. Border Patrol Agent Brian Terry.

These revelations are the latest in House Oversight and Government Reform Committee Chairman Rep. Darrell Issa's probe into the ATF's bungled "Operation Fast and Furious" program. A new report, released to coincide with a Tuesday hearing on the issue, focuses on the dangerous impact that the misguided program had on the Mexico side of the border.

"(T)his is the perfect storm of idiocy," Carlos Canino, the ATF's acting attaché to Mexico, said in the report, explaining how stunned he was when he finally found out about the "Fast and Furious" operation earlier this year.

According to interviews cited in the report with Canino, his predecessor Darren Gil, and others, the ATF in Mexico repeatedly aired concerns to the Phoenix field office and up the chain of command, to the ATF's Washington office and into the Department of Justice.

Eventually, matters became so intense that Gil got into screaming matches with his boss in Washington, ATF's international affairs chief, Dan Kumor. On one visit to Mexico, Lanny Breuer, the DOJ's assistant attorney for the criminal division, actually praised the operation, according to testimony.

Incredibly, despite the diplomatic problems posed by the program, ATF officials in Mexico were told that they couldn't learn more about the program because their superiors didn't want them to brief the Mexican government.

Guns that were allowed into Mexico as part of "Fast and Furious" were eventually linked to a drug cartel that had kidnapped and murdered the brother of the attorney general in a western Mexican state. Other guns from the operation also may have been part of an incident in which members of a cartel shot at a federal police helicopter, forcing it to make an emergency landing and wounding two officers.

Due to the difficulty of tracing the guns, the full extent of the damage from the program may never be known, and 1,048 guns remain unaccounted for, according to the report.

"The faulty design of Operation Fast and Furious led to tragic consequences," the report concludes. "The lessons learned from exposing the risky tactics used during Operation Fast and Furious will hopefully be a catalyst for better leadership and better law enforcement procedures."

The report was put together by Issa's committee, with help from Sen. Charles Grassley, R-Iowa, ranking member of the Senate Judiciary Committee.

At the Tuesday morning hearing, the House Oversight Committee will hear from a number of the figures whose names come up in the report, including Canino, Gil, William Newell (who formerly ran the Phoenix field division), and William McMahon, ATF's deputy assistant director for field operations (including Phoenix and Mexico).

Read more at the Washington Examiner: <http://washingtonexaminer.com/blogs/beltway-confidential/2011/07/new-report-shows-american-atf-officials-mexico-were-kept-dark-abo#ixzz1TCzdGMVG>
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