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BRIEFING PAPER

**Phoenix Field Division
Phoenix Group VII (Gunrunner/Strike Force)
785115-10-0004
January 8, 2010**

Background

1. This investigation has currently identified more than 20 individual connected straw purchasers. More suspects are being identified as the scope of the investigation expands.

[REDACTED]

To date (September 2009 – present) this group has purchased in excess of 650 firearms (mainly AK-47 variants) for which they have paid cash totaling more than \$350,000.00.

2. To date there have been five (5) notable seizure events connected with this group, and approximately 53 firearms originally purchased by this group have been recovered. Three of these seizures have been in the Country of Mexico, one recovery in Douglas, AZ, and one recovery in Nogales, AZ. The U.S. recoveries were both believed to be destined for Mexico. It should be noted however that there has been one seizure in the Phoenix area related to the ongoing DEA narcotics trafficking investigation.
3. The seizures referenced above were not from any member of the targeted group of straw purchasers identified in this investigation. Rather, they were from Hispanic individuals (both male and female) whose association with our target group is currently unknown. This is consistent with what ATF agents have observed thus far during surveillance: straw-purchase suspects delivering recently purchased firearms to Hispanic males. Two such transactions were observed to take place at auto shops/auto auctions.
4. At one of the Mexico seizures there were 45 firearms recovered in addition to 500 kilograms of cocaine, 85 pounds of methamphetamine, and over \$2,000,000.00 in U.S. currency. Of the 45 firearms recovered, 14 of those firearms (all AK-47 variants) were originally purchased by this target group. Our investigation has not produced any indication of drug trafficking or financial resources consistent with the seizures listed above.

5. [REDACTED]

[REDACTED] This is being coordinated out the Phoenix OCDETF Strike Force, of which Phoenix Group VII is a full-time member.

6.

[REDACTED]

7.

[REDACTED]

8. On January 5, 2010, ASAC Gillett, GS Voth, and case agent SA MacAllister met with AUSA Emory Hurley, who is the lead federal prosecutor on this matter. Investigative and prosecution strategies were discussed and a determination was made that there was minimal evidence at this time to support any type of prosecution; therefore, additional firearms purchases should be monitored and additional evidence continued to be gathered. This investigation was briefed to United States Attorney Dennis Burke, who concurs with the assessment of his line prosecutors and fully supports the continuation of this investigation. Furthermore, Phoenix Special Agent in Charge Newell has repeatedly met with USA Burke regarding the on-going status of this investigation and both are in full agreement with the current investigative strategy.

9.

[REDACTED]

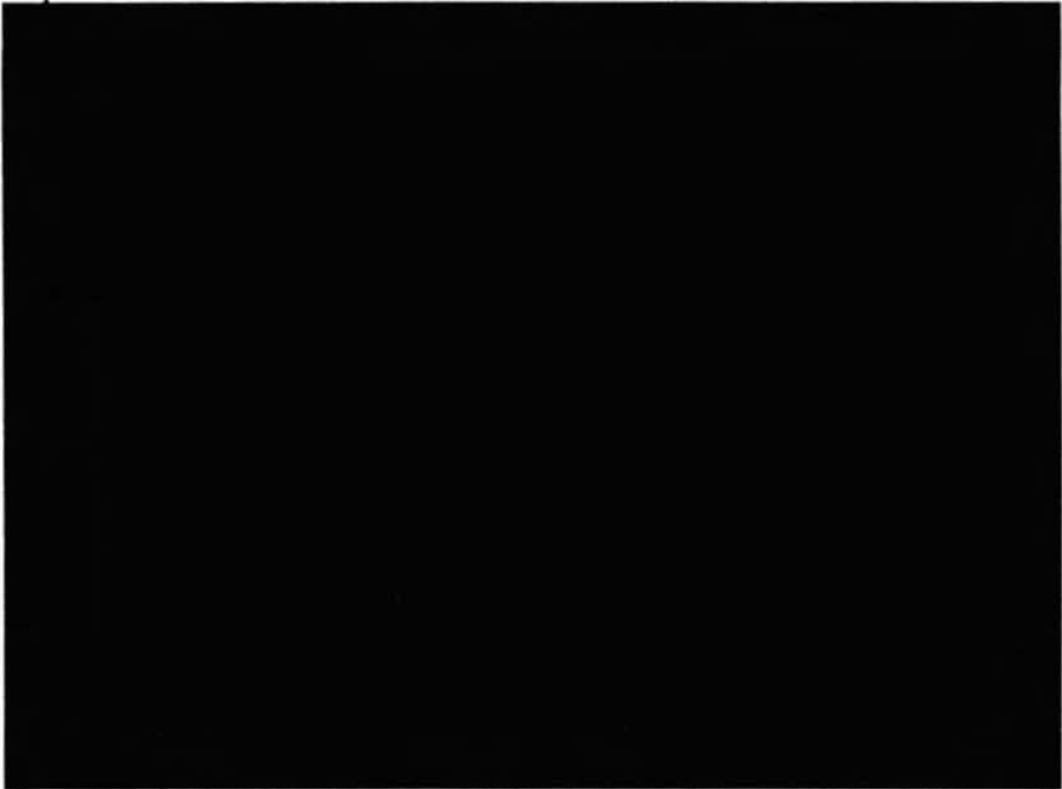
10. A joint strategy/deconfliction meeting is planned for Friday, January 15, 2010, with representatives from ICE, DEA, and ATF. This investigation, as well as other ongoing investigations, will be briefed to all present. It should be noted that deconfliction in the OCDETF Strike Force is not the issue, rather there are several Arizona ICE offices involved in this investigation due to the location of the firearms seizures and coordination between the various ICE offices has been problematic. Even though ICE has a group at

the OCDETF Strike Force the other ICE offices in Arizona are under different ASACs and that has created a coordination issue amongst all parties involved. Phoenix SAC Newell has previously requested that ICE coordinate all their investigative activity out of the OCDETF Strike Force, of which ICE is a member, in order to eliminate the requirement of the ATF Strike Force to try to coordinate with several different ICE offices. This will be discussed at the January 15 meeting.

Investigative Techniques a/o Efforts Used to Date

11. To date in this investigation we have utilized numerous proactive, advanced investigative techniques:

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Investigative Strategy

12. This investigation is currently being conducted in conjunction with the Phoenix DEA OCDETF strike force. ATF Phoenix VII is the lead investigating enforcement group in the firearms trafficking portion of this investigation. A formal OCDETF proposal is completed and will be presented on January 26, 2009, in furtherance of this investigation. It is unknown at this time what direct connection exists between these straw-purchasers and the drug trafficking organizations (DTOs) of Mexico.

13. Currently our strategy is to allow the transfer of firearms to continue to take place, albeit at a much slower pace, in order to further the investigation and allow for the identification of additional co-conspirators who would continue to operate and illegally traffic firearms to Mexican DTOs which are perpetrating armed violence along the Southwest Border. This all in compliance with ATF 3310.4(b) 148(a)(2). It should be noted that since early December efforts to “slow down” the pace of these firearms purchases have succeeded and will continue but not to the detriment of the larger goal of the investigation. It should also be noted that the pace of firearms procurement by this straw purchasing group from late September to early December, 2009 defied the “normal” pace of procurement by other firearms trafficking groups investigated by this and other field divisions. This “blitz” was extremely out of the ordinary and created a situation where measures had to be enacted in order to slow this pace down in order to perfect a criminal case.
14. The ultimate goal is to [REDACTED] identify and prosecute all co-conspirators of the DTO to include the 20 identified straw purchasers, the facilitators of the distribution cell centered here in Phoenix, the transportation cells taking firearms South, and ultimately to develop and provide prosecutable information to our Mexican law enforcement counterparts for actions. It should be noted that DEA has specifically requested, at the ASAC and SAC level, that ATF continue this investigative strategy in order to not adversely impact their on-going narcotics trafficking investigation, which to date has identified direct ties between their [REDACTED] targets and the Sinaloa DTO.