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To: Reich, Steven (ODAG); Weich, Ron (SMO); Colborn, Paul P (SMO); Burton, Faith (SMO); Crabb, John D. (USADC); Ramirez, Monica (ODAG); Richardson, Margaret (OAG)  
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JULY 26, 2011, 4:24 P.M. ET

## **ATF Chief Says He Didn't Approve Tactics**

By **EVAN PEREZ**

WASHINGTON—The acting head of the Bureau of Alcohol, Tobacco, Firearms and Explosives told congressional investigators he didn't approve the tactics of a federal operation that lost track of firearms purchased by suspected smugglers.

The testimony by acting ATF chief Kenneth Melson and other top officials, released Tuesday, rebutted suspicions voiced by Republican lawmakers that the tactics used in the ATF's Operation Fast and Furious received high-level approval.

But testimony by lower-level officials at a House hearing Tuesday pointed to mismanagement and lack of oversight in letting Fast and Furious move forward in 2009 and 2010. In some cases, senior officials appear not to have asked questions once signs of trouble emerged.

The operation was aimed at catching top smugglers who funnel weapons from the U.S. to drug-cartel gangs in Mexico. To do so, ATF agents let some gun purchases by suspected smugglers go forward.

GOP lawmakers argue the ATF should have known it couldn't keep track of those firearms. They released a report Monday saying that more than 1,000 of the weapons haven't been recovered or traced.

Democrats on the House Oversight and Government Reform Committee released their own report Tuesday with excerpts from interviews with Mr. Melson, his deputy, William Hoover, and others.

"I don't believe that I knew or that Billy Hoover knew ... that the strategy in the case was to watch people buy the guns and not interdict them at some point," the Democratic report quotes Mr. Melson as saying in a July 4 interview.

The interview with Mr. Melson was conducted without Justice Department lawyers present. The acting ATF chief has split with his bosses after reports in *The Wall Street Journal* and elsewhere that Justice officials wanted to oust him from his post.

According to the report, a congressional interviewer asked Mr. Melson: "Did anyone at the Department of Justice ever tell you or tell anyone else at headquarters and it got to you that those tactics were authorized as part of a new strategy in order to follow the guns, let the guns go, see where they might end up?"

Mr. Melson answered: "No."

However, Lorren Leadmon, an ATF intelligence agent, testified at Tuesday's House hearing that Mr. Melson and other senior officials received briefings in late 2009 and 2010 indicating trouble with the Fast and Furious operation.

Mr. Leadmon said he and others provided details at these briefings of weapons seizures in the U.S. and Mexico tied to Fast and Furious. In addition to the ATF leaders, an official from the criminal division at Justice Department headquarters received the briefings, Mr. Leadmon said.

Also at the hearing, Darren Gil, the ATF's attache in Mexico City during the operation, compared the Fast and Furious missteps to the ATF's performance in its 1993 raid of a religious sect in Waco, Texas, where a gunbattle left four ATF agents dead.

He said the operation exposed how "poor management, poor judgment and poor leadership resulted in disaster. Operation Fast and Furious, as I have come to understand it, is indeed a disaster."

Another ATF official, William McMahon, who led regional field operations, apologized at Tuesday's hearing for apparently not reading some of the documents that he approved, including wiretaps connected to the operation.

Rep. Darrell Issa, the California Republican who is chairman of the House oversight committee, and Republican Sen. Chuck Grassley of Iowa have led the congressional probe of the operation.

The hearing Tuesday led by Mr. Issa offered an unusual scene, as active ATF agents chastised their bosses, sitting a few seats away, for letting the operation continue.

William Newell, the chief of the ATF Phoenix office during the Fast and Furious operation, defended the way the operation was conceived, saying "it was not the purpose of the investigation to permit the transportation of firearms into Mexico, and to the best of my knowledge none of the suspects in this case was ever witnessed by our agents crossing the border with firearms."

Mr. Hoover told the congressional investigators that he raised concerns and asked in March 2010 that the operation be shut down. It wasn't ended until December 2010, after a border patrol agent was killed in a shootout in Arizona. An assault rifle found at the scene was traced back to a suspect in the Fast and Furious operation.

Mr. Issa scolded Mr. Newell and others who he said were being evasive. He said it remains his goal to have Mr. Newell or his bosses at the ATF and the Justice Department admit that "you knowingly let guns walk."

Tracy Schmalzer, a Justice spokeswoman, said the House committee's report didn't include details and testimony that "makes clear that operational details relating to this investigation were unknown to senior Department of Justice officials." She noted that the department's inspector general is investigating the matter.

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**From:** Schmalzer, Tracy (SMO)

**Sent:** Tuesday, July 26, 2011 4:10 PM

**To:** Reich, Steven (ODAG); Weich, Ron (SMO); Colborn, Paul P (SMO); Burton, Faith (SMO); Crabb, John D. (USADC); Ramirez, Monica (ODAG); Richardson, Margaret (OAG)

**Subject:** FW: Hearing News Clips - Fast & Furious

#### NEWS CLIPS –JULY 26, 2011

### House Oversight and Government Reform Committee Hearing "Operation Fast and Furious: The Other Side of the Border."

#### ATF official apologizes for mistakes in gun probe

Associated Press – Pete Yost

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WASHINGTON — An official of the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives has apologized and told Congress he shares responsibility for mistakes in carrying out a controversial law enforcement operation in Arizona that resulted in high-powered weapons flowing into Mexico.

William McMahon, the head of ATF's western region, testified Tuesday that the agency had good intentions when it launched Operation Fast and Furious in 2009. But McMahon says that looking back, there are things ATF would have done differently.

McMahon, the highest-ranking ATF official to testify publicly about the operation, says he failed to keep close enough track of the investigation in Arizona. Fast and Furious focused on several Phoenix area gun shops and sought to develop cases against gunrunning ring leaders who had eluded previous tactics.

### **ATF Faces Congress Over Operation Fast & Furious**

Fox News - William La Jeunesse

Top officials and agents from the Bureau of Alcohol, Tobacco, Firearms and Explosives faced questioning Tuesday from the House Oversight and Government Reform Committee hearing as part of the ongoing investigation into the Department of Justice's gun running sting called Operation Fast and Furious.

A new congressional report says that more than 125 firearms from that operation were discovered at drug cartel crime scenes in Mexico without the knowledge of the Mexican government.

In Fast and Furious, several agents with the ATF say they were inexplicably ordered by superiors to stop tracking some small-time "straw" buyers who purchased large numbers of weapons apparently destined for drug cartels.

Twenty low-level gun buyers have been charged in the operation.

### **Bipartisan fury at gun-smuggling op**

Politico - Elias Groll

House lawmakers from both parties hammered federal law enforcement agents Tuesday over a botched gun-trafficking investigation — codenamed “Fast and Furious” — that put guns in the hands of some of Mexico’s most notorious drug gangs.

Representatives of the Bureau for Alcohol Tobacco and Firearms admitted that mistakes had been made in the operation, but officials at the Government Oversight and Reform Committee hearing tried to defend the operation as a well-intentioned effort gone wrong.

ATF representatives said they knew that guns — according to one estimate just over 1,000 firearms — were going to Mexico and ending up in the hands of criminals there, but that was the point: The ATF was attempting to trace the guns through criminal networks in order to track gun- and drug-trafficking routes.

“The goal of the operation was to disrupt, dismantle, and destroy drug cartels purposely, knowingly allowing the guns to go to Mexico,” said William Newell, the former special agent in charge for the ATF Phoenix field division.

Newell said in prepared testimony that the purpose of the operation was to get beyond the straw purchasers on the street and to make arrests up the chain of command in criminal organizations, but lawmakers criticized the operation as misconceived from the start.

Under questioning from Peter Welch (D-Vt.), Newell said that ATF agents would sell guns to buyers involved in criminal networks and would then follow those individuals and place them under surveillance.

“So a load of assault rifles has been delivered to a middleman. Was there a plan by which you would follow where those guns went?” Welch asked.

Newell said that agents would continue surveillance of the individuals but that because of resource constraints, agents would be called away to other cases and surveillance would cease, seemingly leaving the buyer to travel freely with the guns he had purchased from government agents.

Newell said that, in hindsight, the operation should have included greater risk-assessment in order to gauge progress and to check where the guns involved had turned up.

It is unclear to what extent senior officials at ATF knew about the operation, but agents said Tuesday that they had passed information about the operation up the chain of command. William McMahon, the ATF deputy assistant director, said that he had informed his superiors about the operation, but when pressed during questioning he said he was unaware of some details.

Tuesday's hearing came on the heels of a report released by the oversight committee that found U.S. officials in Mexico City had known about the operation and had tried to have it stopped but were rebuffed by their superiors.

The guns involved in the operation have been linked to the death of a border patrol officer and has generated public outcry.

And lawmakers were quick to echo that sentiment at the hearing Tuesday.

"The fact that we used people's lives as pawns without even discussing it. It's reprehensible. And I hope the buck stops and we take accountability because this can't go on again. Both sides of the aisle and the American people are furious," said Rep. Paul Gosar (R-Ariz.).

"We have not yet seen the end of the violence from operation Fast and Furious. The deadly consequences of this irresponsible program could last for years to come," said committee chairman Darrell Issa (R-Calif.).

Some of the five ATF representatives at the hearing were quick to admit that mistakes were made in the case and in emotional testimony said they were ashamed over what had happened in the case.

"Firearms trafficking cases are not complicated. The reason this case was so big is because we didn't do anything," said Jose Canino, the acting ATF attache to Mexico. "I have guys, ATF agents, telling me that they're ashamed to be carrying the badge, and that makes me cry."

The central controversy during the hearing centered over whether guns were walked over the border into Mexico — that is, whether ATF agents sold guns to individuals known to be involved in trafficking and then ceased monitoring those individuals.

Canino, who was not aware of the operation at the time, said that he agreed that it had been complicit in walking guns across the Mexican border. But Newell, the agent who was operationally involved in the investigation, defended its merits while conceding that it ultimately misfired.

The hearing also drew scattered calls for a new gun-trafficking law. Currently, there is no statute in place that specifically makes firearms trafficking a federal offense, and some experts have called on Congress to put in place such legislation in order to make firearms trafficking easier to prevent.

Rep. Gerald Connolly (D-Va.) leveled withering criticism against Congress for failing to confirm a permanent director of the ATF and for gutting the agency's budget.

"We've made sure to see that the 'F' in ATF is non-existent. We haven't given them a permanent director. We've done everything we can to defang the ATF," Connolly said.

The ATF has been without a permanent director since 2006 amid concerns from, in part, the National Rifle Association, which has put up immense opposition to several nominees for what they describe as hostility to Second Amendment rights.

## **How Mexican killers got US guns from 'Fast and Furious' operation**

*US officials thought they would catch Mexican criminals in a bold gun-running sting called 'Fast and Furious.' Instead, they inadvertently armed drug cartels as the operation spiraled out of control, a congressional report finds.*

On May 29, Mexican federal police in four helicopters attacked a drug cartel in a mountain redoubt. They were rebuffed by heavy fire, including from a massive .50 caliber rifle.

A bullet hole left in one helicopter's plate glass window is one exhibit in an exhaustive House Committee on Oversight and Government Reform report released Tuesday showing the breadth of a high-stakes, unprecedented, and, ultimately, ill-advised US scheme called "Operation Fast and Furious."

The .50 caliber bullet hole, the report says, likely came from a gun trafficked via Fast and Furious, an operation to allow nearly 2,000 arms to leave US gunshops via certain traffickers who the US government had identified and thought it could track. The idea was to trace these "straw buyers" to key cartel figures in an attempt to score major gun busts to prove the US was serious about stopping arms trafficking across the border.

### **IN PICTURES: Mexico's drug war**

Instead, the report alleges that the operation – which one US official has called "a perfect storm of idiocy" – likely allowed hundreds of powerful guns to cross into Mexico, possibly changing the outcome of cartel battles with Mexican police, leading to the deaths of many Mexicans and one federal agent, Border Patrol Agent Brian Terry, and damaging diplomatic relations between the US and Mexico.

The Fast and Furious scandal is still playing out, with hearings in the House Oversight Committee Tuesday. Chairman Rep. Darrell Issa (R) of California says he is intent on finding out how high in the Obama administration knowledge of the operation went.

The report, "Fueling Cartel Violence," backs reports that leaders in the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) were aware of the operation. But it also names several key Department of Justice officials, such as Assistant Attorney General Lanny Breuer, as "clearly" being aware of the operation – a charge that the Obama administration denies.

According to whistleblowers and key witnesses, however, the real lesson behind Fast and Furious, a two-year operation that ended in January 2011, is how "groupthink" clouded decision-making at the highest levels of government, causing an agency to go against its basic instincts – which is to not allow arms to be trafficked illegally – and consequently contribute, not detract, from border violence.

"These guns weren't going for a positive cause, they were going for a negative cause," ATF attaché Carlos Canino told the congressional oversight committee. "The ATF armed the [Sinaloa] cartel. It's disgusting."

Despite repeated pushback from some agents and the attaché office in Mexico City, ATF Acting Director Kenneth Melson assessed it as "a good operation," the report says. According to witnesses, Assistant Attorney General Breuer appeared to cite Fast and Furious in meetings with Mexican officials, saying the US had a major gun-interdiction effort underway out of Phoenix, the report adds.

### **Where the guns went**

The plan was to trace the guns through straw buyers to major cartels, to then build cases and make arrests. But early on, it became evident that tracking the guns had become a problem and that hundreds had made their way across the border and disappeared into cartel gun caches. According to the report, Fast and Furious guns made their way to three prominent Mexican cartels: Sinaloa, El Teo and La Familia.

Those within ATF who raised concerns about the fundamental flaw in the strategy were rebuffed or simply kept in the dark, Daniel Kumor, the ATF's international affairs chief, told congressional investigators.

At least one witness cited in the report contended knowledge of the tactics in Fast and Furious was widespread in ATF and Justice: "It was common knowledge that they were going down there to be crime guns."

The report names main Justice Department trial attorney Joe Cooley as saying the movement of vast numbers of guns to Mexico was "an acceptable practice." Mr. Cooley was Breuer's main contact with Fast and Furious, according to the report.

The Justice Department has maintained that it never knowingly allowed guns to "walk" to Mexico.

In the report, at least one higher-up fought back against accusations that field officers and ATF attachés in Mexico were raising concerns about the program. Asked if his reports raised concerns about the operation, Bill McMahon, deputy field operations director for ATF, told Congress: "Not that I can remember."

So far, nobody at the Justice Department has publicly acknowledged a role in the case, and President Obama has said neither he nor Attorney General Eric Holder knew anything about it until the story broke after the murder of Brian Terry in a Sonora, Ariz., gun battle in December 2010. President Obama has ordered the Justice Department inspector general to investigate.

On Tuesday, the Justice Department fought back against the report's characterizations of Breuer's involvement.

"The Committee's report promotes unsubstantiated theories by selectively releasing excerpts of transcripts while ignoring testimony and other information," writes spokeswoman Tracy Schmalzer in an e-mail. "For whatever reason, the leadership of the Committee chose not to release witness testimony that makes clear that operational details relating to this investigation were unknown to senior Department of Justice officials."

In previous testimony, Acting Director Melson, said the strategy was not "intended to allow the guns to go to suspected straw purchasers without any good faith belief that you could recover those weapons."

But he also suggested that the field agents had wide latitude. The agents, not the supervisors, "do the tactical stuff," Melson said. ATF Acting Deputy Director William Hoover added in his testimony that there was no reason for Justice officials to be aware of the tactics, "because I certainly didn't brief them on the techniques being employed in Fast and Furious."

## **International fallout**

The fallout from the operation has taken its toll on lives and diplomatic relations, say congressional investigators.

In October, 2010, cartel members kidnapped Mario Gonzalez Rodriguez, the brother of Chihuahua Attorney General Patricia Gonzalez Rodriguez. A few days later, police found Mr. Rodriguez's body in a shallow grave. Shortly thereafter, police engaged cartel members in a gun fight, from which several guns were recovered. Two were traced to Operation Fast and Furious.

When Mr. Canino confronted other ATF officials about the need to inform the Mexican government about the link, he says he got "zero instructions," and that "every time I mentioned it, guys started looking at their cellphones, silence in the room."

Eight months after the murder, Canino finally told Mexican Attorney General Maricela Morales about the link. "*Hijole*" (oh my), she said.

**ATF Agents Denounce 'Insane' Gun Program that Sent Guns to Drug Lords**  
International Business Times

Lawmakers sharply criticized officials in the Department of Alcohol, Tobacco and Firearms for a program that intentionally allowed illegal guns to make their way to violent Mexican drug cartels.

A highly critical report released on Tuesday detailed serious oversights in Operation Fast and Furious, a program jointly spearheaded by the Department of Alcohol Tobacco and Firearms and the U.S. Justice Department that employed a technique, known as "gunwalking," in which agents deliberately do not halt illegal gun purchases, instead seeking to trace them to their source. But the agencies failed to communicate with each other or with Mexican authorities, and weapons later resurfaced at crime scenes.

"It's incomprehensible that officials at the Justice Department, the ATF and the U.S. attorney's office would keep their counterparts at the U.S. embassy in Mexico City in the dark about Operation Fast and Furious," U.S. Sen. Chuck Grassley, R-Iowa, said in a press release.

"Keeping key details secret while straw purchasers continued buying weapons for gun traffickers jeopardized our relationship with our southern ally and put lives at risk."

Officials from the ATF apologized for the program but sought to defend it in testimony before Congress, contradicting lower-level agents who alternately described the program as "insane" and a "disaster" and said their warnings to higher-ups were rebuffed or ignored. The differing accounts drew an angry reaction from Rep. Darrell Issa, R-Calif., when William Newell, former special agent in charge of the Phoenix field office, denied that they allowed guns to "walk" across the border.

"Are [the other agents] lying, or are you lying?" Issa asked Newell.

In 2009, ATF agents in Mexico noticed a sharp rise in the number of guns appearing at crime scenes. Carlos Canino, an ATF agent stationed in Mexico, expressed alarm to his superiors after linking guns at the scene of a bloody shootout between the Sinoloa cartel and the La Familia cartel to the United States. But in a pattern that recurred throughout, he remained ignorant of the operation's scope and was reassured that it was a success. Canino's boss described regular "screaming matches" with their superiors.

"I can say with authority 'walking guns' is not a recognized investigative technique," Canino testified. "These guns went to ruthless criminals. ... It infuriates me that people, including my law enforcement, diplomatic and military colleagues, may be killed or injured with these weapons."

### **Cummings Busy Covering for Top ATF, DOJ Brass**

Pajamas Media – Howard Nemerov

From House Oversight on Fast and Furious:

Congressman Elijah Cummings guided witnesses in order to get on the record that top government officials never knew about Gunwalker.

ATF Special Agent Newell said there "should have been more risk assessment." He accepted "full responsibility."

Cummings: If they had known then what they know now, they wouldn't have gone through with Gunwalker; this was more an "error of omission."

Rep Gowdy asked what the penalty was for 924(c) violations. Proscribes use of firearm during drug offense. First violation 5 years, subsequent violations higher.

Penalty for a Title 18, Section 924(e) violation is up to life. (Three previous convictions by any court referred to in section 922(g) or firearms trafficking.)

Gowdy's questioning was aimed at allegations that ATF hasn't the legal clout to go after firearms traffickers,

especially in this case where drug cartels are involved.

Under Rep Issa's questioning, ATF Special Agent Canino said there's plenty of gun laws.