

**Southwest Border Initiative
(Project Gunrunner)**

Biweekly Update

April 19, 2010

The following is a biweekly update on significant events related to the Southwest Border Initiative. The information is collected from the different ATF offices involved in this initiative and intended for ATF use only.

FIELD OPERATIONS

DALLAS FIELD DIVISION

Liaison, Training, Media, and Other SWB Interaction:

An El Paso Field Office Special Agent provided training assistance to TPD's Southwest Border Firearms Trafficking Techniques course at the El Paso Intelligence Center (EPIC), El Paso, Texas.

El Paso Field Office Special Agents met with ATF Special Agents assigned to Mexico to share intelligence relevant to El Paso's border area.

Investigations:

El Paso Field Office

781035-09-0028 [ATF] (SWB): On April 5, 2010, Baldomero [ATF] pled guilty to violation of Title 21, USC, section 841(a)(1) – Conspiracy to Possess with Intent to Distribute Cocaine and Title 26, USC, Section 5861(d) – Possession of an Unregistered Firearm (Silencer). [ATF] was recorded on a DEA T-III talking to individuals about acquiring a firearm with a silencer so he could conduct kidnappings in the El Paso, Texas area on behalf of [ATF] the head of the Sinaloa cartel. [ATF] was arrested by ATF on March 27, 2009, for possession of a machinegun and silencer, with intent to use in a federal crime of violence. [ATF] is scheduled to be sentenced in June 2010.

781035-10-0029 [ATF] (SWB): On April 8, 2010, [ATF] was arrested for knowingly possessing firearms with obliterated serial numbers. [ATF] received five firearms with obliterated serial numbers from [ATF] on April 2, 2010, as collateral payment for an unpaid drug debt. [ATF] planned on selling the firearms to make

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money. [ATF] admitted to knowing the firearms had obliterated serial numbers, and stated that he had provided a firearm on April 2, 2010, to a person he knew was a convicted felon. [ATF] also made a consensually monitored phone call to [ATF] and discussed the firearms with obliterated serial numbers. S/A [ATF] secured an arrest warrant for [ATF] on April 13, 2010, for conspiracy to possess firearms with obliterated serial numbers.

781035-09-0051 [ATF] (SWB): On April 7, 2010, [ATF] purchased a Winchester, .12 gauge shotgun from [ATF] a convicted felon, at the direction of ATF. The suspect has loose ties to the Barrio Azteca gang operating in El Paso, Texas.

781035-10-0032 [ATF] (SWB): On April 14, 2010, ATF opened an investigation on [ATF] a convicted felon, for 922(g)(1) and firearms trafficking violations to Mexico.

780135-10-0028 [ATF] & Associates (SWB): On April 7, 2010, El Paso Police Department obtained a consent to search a residence, located at [ATF] El Paso, Texas, pursuant to drug information. During the search, detectives found a quantity of marijuana, 20 AK-47 type rifles and rifle parts and accessories on the property. The occupants, [ATF] told police the firearms had been coordinated through a Hispanic male named [ATF] Allegedly, at [ATF] direction, an unidentified Hispanic man in a black Jeep Liberty with Sonora, Mexico license plates, delivered the firearms to the residence. [ATF] stated that he believed that the guns were destined for Mexico. The AK-47s were purchased by targets related to an on-going ATF Phoenix investigation. Investigation is being coordinated.

781035-10-0025 [ATF] (SWB): On March 29, 2010, an incendiary fire occurred at [ATF] [ATF] El Paso, Texas. The El Paso Fire Department and El Paso Police Department recovered several firearms and ammunition during the fire investigation from the bedroom of [ATF] a convicted felon and an alleged member of the Barrio Azteca gang. Investigation uncovered that an ID card belonging to [ATF] had been discovered in one of the vehicles used during the Juarez murders of the consular employees [ATF] [ATF] has identified several locations possibly connected to the Barrio Azteca gang. The recovered firearms have been entered into NIBIN by the TX DPS El Paso laboratory. The ammunition and firearms have been sent to the ATF Walnut Creek laboratory for further analysis. ATF is coordinating this investigation with the FBI's Consulate Murder Investigation and providing all possible leads.

781035-08-0029 [ATF] (SWB): On April 14, 2010, [ATF] an FBI Special Agent, was convicted of 1 count of Dealing Firearms without a License, 4 counts of Causing a FFL to Maintain a False Record and providing a False Written Statement. He is scheduled to be sentenced on July 8, 2010.

In March 2008, A Barrett, Model 82A1, .50 caliber rifle, serial number 20488, was recovered in Chihuahua, Mexico, after a 3.5 hour gun battle between Cartel hit men and Mexican Military. The gun battle resulted in the death of 6 hit men and one Mexican Army Captain. An El Paso Field Office Special Agent responded to the scene and photographed and traced the firearms. The investigation led to [ATF] and ATF agents revealed his illegal trafficking.

HOUSTON FIELD DIVISION

Liaison, Training, Media, and Other SWB Interaction:

On Tuesday, April 6, 2010, ASAC Armando Salas was interviewed by CH 4 McAllen, Texas, the ABC affiliate about Project Gunrunner. General information on firearms trafficking and ATF's role, along with information on the Don't Lie Program was relayed.

Also on April 6, 2010, SAC Dewey Webb spoke to the Texas Tribune about Project Gunrunner. The Tribune is a web-based news outlet. Dallas SAC Robert Champion was also interviewed on the El Paso area.

On April 8, 2010, PIO [ATF] was interviewed by KTRH Radio about Project Gunrunner.

Investigations:

Austin Field Office

782010-10-0057 [ATF] & Associates: On April 2, 2010, ATF, assisted by ICE and the Austin Police Department, arrested two subjects involved in a conspiracy to attempt to smuggle 10 "AR-15" firearms, 20,000 rounds of ammunition and over 100 ammunition magazines into Mexico. On this same date, ATF seized 10,000 rounds of .223 caliber ammunition, 10,000 rounds of 7.62 x 39mm ammunition, ten Bushmaster "AR-15" assault rifles, 86 .223 caliber ammunition magazines and 45 .40 caliber ammunition magazines. Five subjects have been identified as participating in this criminal scheme. Indictments are forthcoming.

Houston Group V

782045-09-0017 Operation Rollin' on the River (OCDETF): On April 1, 2010, Houston Group V agents initiated [ATF] buy/walk operation and purchased a quantity of marijuana in Brownsville, Texas. The marijuana was purchased from Gulf Cartel members. A monitored conversation was also held between [ATF] and primary target involving a subsequent purchase of an M-203 grenade launcher and machineguns in Houston, Texas.

San Antonio I

782060-10-0064 [ATF] During March 2010, ATF received information from a San Antonio Police Department (SAPD) informant that [ATF] a felon residing in Laredo, Texas was attempting to locate people in San Antonio, Texas who could sell grenades and machineguns. [ATF] was confirmed to be a large cocaine trafficker and associate of the Zetas in Mexico. On April 8, 2010, [ATF] contacted [ATF] and confirmed that [ATF] was still interested in purchasing grenades, machineguns and additional semi-automatic firearms. ATF is attempting to set up a buy/bust reversal with [ATF]. Negotiations are continuing.

San Antonio II (IO)

782065-2010-0257 SWBI: [ATF] (5-74-02915) 01: During a compliance inspection of FFL [ATF] [ATF] 5-74-02915, Austin, TX, in March 2010, IO noted subject [ATF] had purchased 36 firearms in 2009. The most notable transfers were 10 assault-type rifles (five WASR-10, three DPMS A-15, & two CAI Sportsters) in June 2009, nine various firearms in July 2009, and four Bushmasters in August 2009. FFL [ATF] said most of the transfers were internet purchases by subject [ATF] but that the Bushmasters were ordered from FFL [ATF]. A referral of information was generated to the Dallas FIG.

LOS ANGELES FIELD DIVISION

No new updates provided for this period.

PHOENIX FIELD DIVISION

Liaison, Training, Media, and Other SWB Interaction:

Southwest Border Anti-Money Laundering Alliance Meeting

At the request of the Arizona Attorney General, on April 14 and 15, SAC Newell represented ATF at the first Southwest Border Anti-Money Laundering "Alliance" meeting. The "Alliance," led by the Arizona Attorney General's office is comprised of representatives from the California, Arizona, New Mexico and Texas Attorney Generals' offices along with the Superintendent of the Arizona Department of Financial Institutions, the Director of the Arizona DPS and the Chief of the Phoenix Police Department. This partnership was achieved through the efforts of Arizona authorities and was memorialized in the February 2010 Settlement Agreement entered into by the State of Arizona and Western Union Financial Services. The Settlement Agreement provides for the creation of the Southwest Border Anti-Money Laundering Alliance ("Alliance") funded with \$50 million, \$30 million of which has already been received.

The goal of the Alliance is to provide jurisdictions with resources to effectively investigate and prosecute organizations using all criminal and civil remedies to impact the profit motivated component of the narcotics, weapons and human traffickers or smugglers. The Alliance will directly address the problem of limited resources to investigate and prosecute money laundering by contributing investigators, analysts, and prosecutors who have experience and specialized training in the field of money laundering, violent crime, and asset forfeiture. By utilizing the power of financial data analysis, the Alliance will add value to investigations and prosecutions. By providing resources, expertise, and meaningful data analysis, the Alliance will disrupt criminal organizations and gain opportunities to dismantle their operations. SAC Newell represented ATF on both the New Mexico and Arizona panels, as well as presented an overview of Project Gunrunner and the connection between firearms trafficking by and for DTOs to money laundering. SAC Newell also gained verbal approval from the seven members of the Alliance Executive board to seek NIBIN funding for State and local agencies needing support in this area, especially with technology upgrades, firearms examiners, input staff and other items. SAC Newell also gained approval for the State police agencies to seek analytical support for their efforts to more effectively address firearms trafficking on a state-wide level, in full partnership with ATF.

While at this same conference and following the Gunrunner presentation, SAC Newell met with [ATF] [ATF] PGR Deputy Attorney General over Legal and International Affairs. SAC Newell met for approximately one hour with [ATF] and discussed in more detail the goals of Gunrunner, eTrace, NIBIN, the Phoenix PGR representative and other topics. [ATF] is very interested in forming a much more proactive partnership with ATF and looks forward to continuing these discussions upon his return to Mexico City.

Border Governors' Conference

On April 12th, SAC Newell met with the Arizona Governor's representatives regarding planning for the upcoming Border Governors' Conference to be held in Phoenix, in September. Attending will be the four U.S. and six Mexican border Governors. A major subject of discussion amongst the six Mexican conference planning representatives is firearms trafficking and what is being done to disrupt it. Since 2006, SAC Newell has worked with the Border Governors on firearms related border violence and sits on the "Border Security Panel" which focuses on law enforcement issues including firearms trafficking. SAC Newell is being asked to provide an update on ATF efforts along the SWB at this upcoming conference.

ICE April 15 Roundup

ATF special agents from the Yuma Satellite Office and Tucson Group I assisted alongside more than 800 other law enforcement officers on numerous arrest warrants and search warrants that targeted a criminal network focused on human smuggling and operating in Phoenix, Tucson and Nogales.

Investigations:

Phoenix Group III

785050-2010-0081 Colorado River Outfitters LLC: A compliance inspection was recently completed for Colorado River Outfitters LLC, located in Parker, Arizona. This inspection was initiated as the result of a previously conducted inspection (UI# 785050-2009-0246) where it was found that ex-employee [ATF] was identified as conducting prohibited transfers of firearms (i.e. prohibited persons, out-of-state residents, etc.) without the proprietor's knowledge. [ATF] currently employed at Colorado River Outfitters, has continued these prohibited transfers. From these inspections, two referrals were forwarded for further investigation. The first referral was made to the Yuma Satellite Office which is now investigating [ATF] for multiple violations of 18 U.S.C. 922(b)(3). The second referral was made to El Centro Group I for further investigation and coordination with California DOJ. That referral identifies 27 California residents who purchased firearms out-of-state in violation of California statute. Ultimately, the licensee was cited for ten violations of the GCA, including 27 CFR 478.102 for failure to conduct a NICS check prior to transferring a firearm over the counter and 27 CFR 478.99 for transferring multiple firearms to prohibited out-of-state purchasers. Revocation of Colorado River Outfitters license is merited, pending HQ review.

Phoenix Group VII (OCDETF Strike Force)

785115-09-0003: [ATF] This approved ATF OCDETF investigation (# SWAZP0491) is being worked jointly with the DEA as part of the OCDETF 5

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Strike Force in Phoenix, Arizona. Four suspects have been formally indicted by the Grand Jury, District of Arizona on narcotics and firearm related charges. The AUSA has formally requested ATF Special Agent [ATF] [ATF] as an expert witness to testify concerning Cartel related violence in support of a Narco-Terrorism Indictment.

785115-10-0004 [ATF] et al: This is an approved ATF OCDETF investigation (# SWAZP0496) that is a large scale conspiracy of over a thirty interconnected straw purchasers. This group has purchased over 1,300 firearms, most of which are the AK-47 variant 7.62 assault rifles and or the F.N. Herstal 5.7 mm pistols, to include approximately ten Barrett .50 caliber rifles. More than \$900,000 in cash has been paid for these firearms. Approximately 150 of these firearms have been recovered as crime guns in Mexico or near the Mexican border. On April 7, 2010, twenty AK-47 style firearms were recovered in El Paso, Texas, along with approximately 300 pounds of marijuana. ATF has submitted an affidavit to the AUSA to be forwarded to OEO for approval to intercept additional target telephone lines on these suspects. Revisions are currently being made in conjunction/support of this affidavit for final approval by OEO and Deputy Attorney General (DAG) for submission to local Federal Judge, in Phoenix.

785115-10-0011 [ATF] originally purchased a Barrett Model 82 50BMG from CAPITAL ORDNANCE located in Scottsdale, Arizona, on June 23, 2009. This firearm was subsequently recovered in Tijuana, Mexico, on February 2, 2010. [ATF] was interviewed by ATF Phoenix Group VII special agents and admitted he straw purchased the firearms on behalf of [ATF] who made that transaction for [ATF]

785115-10-0013 [ATF] as purchased approximately 24 weapons of choice (WOC) in Phoenix, Arizona. Three of these firearms have been recovered in Mexico with time-to-crime of 74 days, 84 days and 124 days. A query though DEA "DARTS" revealed that [ATF] telephone number had been intercepted on a DEA case in which 850 pounds of marijuana were seized.

785115-10-0014 [ATF] purchased firearms recovered in two large firearm seizures, in Mexico. One seizure included 70 firearms. Another seizure included more than 50 firearms. These firearms were all purchased by [ATF] in Phoenix, Arizona, and all of these firearms were the PTR 91, .308 caliber assault rifles. Also recovered during this seizure event were additional PTR 91 assault rifles also purchased in Phoenix by a Hispanic female from San Luis, Arizona. [ATF] has multiple border crossings via the San Luis Port of Entry. One of the suspects arrested in one of the Mexico seizures referenced above (February 2010) is a U.S. citizen who has an outstanding Federal arrest warrant by the DEA in Texas for narcotics. Extradition is pending on this suspect.

785115-10-0015 Operation Pawn Star: On April 10, 2010, [ATF] purchased five AK-47 type assault rifles from Mo' Money Pawn Shop. [ATF] was accompanied by another unidentified Hispanic male. The employee observed the vehicle the two departed from Mo' Money Pawn Shop in as a newer Dodge Avenger with Mexico/Sonora license plate number [ATF] This vehicle crossed the U.S./Mexico border ten times in the last sixty days to include once on April 10, 2010, the same day as this purchase. This same date (04/10/2010), [ATF] reported to the Phoenix Police Department that all five of his firearms had been stolen the previous day, which is actually prior to his purchasing them.

785115-10-0016 [ATF] Suspect [ATF] has 6

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numerous recent multiple purchases of weapons of choice (WOC). Suspect [ATF] has numerous border crossings shortly after the purchases occurred. Suspect [ATF] has been detained near a border crossing with a stolen firearm.

Tucson Group II

785085-10-0042 [ATF] The Tucson JTTF received information that UPS driver [ATF] had been complaining about making numerous deliveries of ammunition to an apartment over the past several months. [ATF] estimated that over the course the past five to six months, he has delivered 200 to 400 cases of ammunition to that apartment. The ammunition was marked as "Wolf." This is a brand name often sold in 7.62x39mm rounds used in AK-47 style rifles and cases of ammunition are commonly sold in 1,000 round lots costing \$150.00 to \$250.00 per case.

Investigation led to suspects and the driver positively picked one man and one woman from two photographic line-ups. The suspects have been identified as [ATF] (DOB: [ATF] AZDL: [ATF] and [ATF] (DOB: [ATF] AZDL: [ATF] Neither of the two has been identified as prohibited from possessing firearms or ammunition. Based upon [ATF] statements and further research, it is estimated that over the past six months up to \$100,000.00 of ammunition has been delivered to this apartment. [ATF] do not appear to be gainfully employed and both have been identified as traveling together to/from Mexico. Early indication is that the ammunition may be destined to Mexican DTOs. The investigation is ongoing. Surveillance was conducted during a UPS delivery revealing that the [ATF] were signing for ammunition in the parking lot of 4900 E. 5th Avenue, then driving directly to a home located at [ATF] in Tucson. Additional surveillance has shown that [ATF] received \$16,500 worth of ammunition (7.62x39mm, .223 and .45 ACP) in the parking lot of the apartment complex and drove it straight to the [ATF] address. This case has gone before a Federal grand jury and subpoenas have been obtained by ATF.

785085-09-0040 [ATF] This case began with the recovery of a Draco pistol from a residence in Rio Rico, Arizona. The initial purchaser was [ATF] Investigation determined [ATF] has purchased five more Draco pistols with the intent to sell them. [ATF] was recruited by [ATF] [ATF] to purchase ten more Draco pistols. Due to the suspicious nature of the sale, the FFL decided not to complete the transaction with [ATF] and declined the sale. On April 05, 2010, Tucson special agents served two Federal search warrants at the residences of [ATF] Both MORRIS and [ATF] are cooperating with ATF. [ATF] admitted to purchasing firearms at the request of another individual.

Albuquerque Field Office

785010-09-0108 [ATF] FFL Theft: [ATF] is suspected in the theft of over 200 firearms, including, 12 NFA firearms and up to 20,000 rounds of various caliber ammunition from [ATF] (a Federal Firearms Licensee and a Class III dealer). The total estimated value of the stolen property was \$500,000. On January 13, 2010, the Federal Grand Jury returned a six count indictment charging [ATF] with the theft and movement of the stolen firearms and ammunition and other property. [ATF] [ATF] was arrested on charges related to his involvement in the transportation of a stolen firearm and a stolen vehicle. The charges stem from [ATF] theft of a 7

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Dodge truck, which contained a firearm, in March 2009 in Albuquerque, New Mexico. He retrieved the stolen firearms and the stolen ammunition, which he and [ATF] had secreted in a storage facility and returned them back to Albuquerque to be distributed. He was working at the direction of [ATF] who is already in federal custody for her part in the theft of over \$500,000 worth of [ATF] property, to include over 200 firearms and five motor vehicles.

EXPLOSIVES TECHNOLOGY BRANCH

On April 10, EEO [ATF] assisted with tracing and evidence photos following the attack at the U.S. consulate office in Nuevo Laredo, Mexico. Based on the description and damage pattern to the building, it would appear that a military style grenade was most likely used. The fragmentation is similar to the Austrian ARGES grenades. These are preliminary results and additional follow up is needed (ATF IN: 701531-10-0015).

On April 13-15, FSN [ATF] and EEO [ATF] presented the *Explosive and Evidence Collection Training Course* to 34 students from SEDNA, SEMAR, CENAPI and PGR at the Military Base in Mexico City, Mexico.

OFFICE OF STRATEGIC INTELLIGENCE AND INFORMATION

Significant Events Occurring This Period:

On April 1, Mexico's Foreign Relations Secretariat (SRE) declared in a press statement the need for shared responsibility and joint action to attend to the border region's problems after authorities in Arizona and New Mexico called for National Guard troops on the U.S.-Mexico border. The SRE went on to declare that in order to tackle transnational organized crime effectively, the U.S. authorities needed to step up their efforts against money laundering and gunrunning toward Mexican territory.

On April 3, Milenio Diario de Tampico reported that five gunmen were killed after battling with Army soldiers for about an hour the previous morning in the Lomas de Jarachina Sur neighborhood of Reynosa. After the gunfire died down, soldiers confiscated 2 shoulder firearms, 7 small arms, 9 fragmentation grenades, 93 ammunition clips, 2,900 ammunition rounds and two vehicles.

On April 4, Mexico City El Universal reported that according to Claude Heller, Mexican ambassador to the UN, the international community's failure to curb the illicit weapons trade causes at least 740,000 deaths per year around the world, in the form of gunshot victims killed by weapons bought on the illegal market. Heller went on to urge to UN to play a more active role in the fight against gunrunning.

On April 5, Milenio Diario de Tampico reported that Federal and State officials believe that the Gulf Cartel has effectively eliminated Los Zetas from Tamaulipas State, following several weeks of heated battle between the two former allies. Business owners are hopeful that as the remaining members of Los Zetas are expelled from the state, they will stop being subjected to the frequent extortion committed by that cartel. To maintain its dominance, the Gulf Cartel often sends out "patrol" cars with its initials (CGG) to enforce the orders of leaders against rivals.

On April 5, Monterrey El Norte reported that a group 8

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of gunmen hurled a grenade at an Army base in the Tancol neighborhood of Tampico, setting off a three-kilometer chase to the city's Nuevo Progreso neighborhood. There are no reports of injuries due to the grenade blast, but one gunman was killed during the ensuing shootout.

On April 6, Monterrey El Norte reported that Governor Eugenio Hernandez Flores of Tamaulipas State acknowledged that his government is overwhelmed by criminal organizations that have better resources and equipment than the state can afford. Hitting on a common theme among authorities in states along the U.S.-Mexico border, Hernandez Flores indicated that the influx of criminal deportees from the U.S. causes a difficult situation. Without resources to adequately deal with this group, whose numbers reached 72,000 in Tamaulipas in 2009, the state must deal with the consequences of gangs luring these desperate migrants into criminal activity.

On April 6, Mexico City Reforma reported that Morelos authorities believe the group that has been signing narco-messages and crime scenes with the letters "CPS" is the same group that previously called itself, "La Empresa," which is the branch of the Pacific Cartel that supports Hector Beltran Leyva, aka, El H, in his dispute for control with Edgar Valdez Villarreal, aka, La Barbie. Authorities believe that CPS stands for Southern Pacific Cartel.

On April 6, Mexico City Reforma reported that drug cartels have operated in Mexico City for more than a decade, peddling and transporting drugs and laundering money, but in the last few months, they have begun to dispute certain areas. According to experts, the Tijuana Cartel, the Beltran Leyva brothers, the Sinaloa Federation and La Familia are operating in the metropolitan area and, recently, some areas are in dispute. In the last two months, six narco-banners and four decapitated bodies have been found in Mexico City.

On April 7, a communiqué issued by the Mexican Presidency in Mexico City reported that President Calderon received a delegation of U.S. Congressmen, comprising Silvestre Reyes (D-TX), Henry Cueller (D-TX) and Ed Pastor (D-AZ). During the meeting, the President hailed the leadership and commitment of the visiting congressmen to strengthening bilateral cooperation against organized transnational crime, based on principles of shared responsibility, mutual trust, and respect for the jurisdiction of each country. Within this context, attendees hailed the importance of the full implementation of the Merida Initiative and the consolidation of the new stage of cooperation in the priority spheres identified by the governments of Mexico and the U.S. in the 2nd Top Meeting Level, held in Mexico City on March 23. Within this framework, President Calderon hailed the importance of U.S. actions to deal with the criminal groups operating in his territory and in the areas to control the demand and trafficking of weapons and cash into Mexico.

On April 8, Mexico City Excelsior reported that commandos simultaneously attacked the PGR building and the Mixed Unit Against Drug Dealing (UMAN) in Morelos. According to witnesses, a commando dressed in black, wearing a ski mask, and driving a pickup truck, opened fire on the PGR delegation building, whose façade was riddled with AK-47 bullets. In the case of UMAN, reports indicate that the alleged group of hit men that attacked the offices also used high-caliber weapons, killing one private security agent.

On April 11, Mexico City El Universal reported that the U.S. Consulate General in Nuevo Laredo was the target of an attack on Friday, April 9. An explosive device detonated within its facilities on Friday night, prompting U.S. authorities to activate a security alert and suspend services at the diplomatic mission. PGR has launched an investigation of the incident and ordered

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the intervention of experts. According to a warning issued by the consular office, an explosive device was hurled at the wall of the consulate. No one was injured because there were no diplomatic personnel in the facility at the time of the explosion, and only some damage was registered on windows and walls.

The April 12 edition of Mexico City Proceso deals with the diverse reactions of officials and analysts to the surprising interview notorious drug trafficker [ATF] granted to Julio Scherer, director and founder of Proceso. [ATF] who leads the Sinaloa Cartel, the most powerful drug trafficking organization in the world, along with [ATF] invited Scherer to interview him in a secret location. In the rare interview, [ATF] stated, "I'm terrified of being incarcerated," adding that he would even contemplate suicide if he was about to be caught. Zambada insisted, however, that the drug trade would continue unabated if he was arrested.

On April 12, Monterrey El Norte reported that hitmen from the La Familia gang are assisting the Gulf Cartel in its turf war against Los Zetas in Tamaulipas State. Alleged drug trafficker [ATF] who was arrested on February 11, apparently brokered an alliance between the two organizations, which have combined forces to effectively expel the Los Zetas Cartel from Tamaulipas. That charge has continued into neighboring Nuevo Leon State, as the gangs battle each other in many communities outside of Tamaulipas.

On April 12, SSP reported in a press bulletin that federal agents arrested six people connected with the Beltran Leyva criminal organization in Nayarit State. They also reported the death of Santiago Lizarraga Ibarra, the group's alleged leader. According to intelligence reports, Lizarraga Ibarra is one of the Beltran Leyvas' main collaborators and in charge of [ATF] operations in Tepic. The suspects were in possession of 6 AK-47 rifles, 25 rifle clips, tactical clothing, including items with the Federal Police (PF) insignia and several vehicles.

On April 14, Morelia Cambio de Michoacan reported that federal agents arrested [ATF] aka, [ATF] who is believed to be La Familia's market boss in Zitacuraro, Michoacan State. The agents arrested him in Mexico City with four other suspected members of the DTO. Intelligence reports stated that [ATF] would travel to Mexico City to negotiate protection by different police corporations in the Federal District.

On April 16, Mexico City El Universal reported that amid an escalation of crime-related violence, National Defense Secretary Guillermo Galvan Galvan and Navy Secretary Francisco Saynez met in Washington with Chariman of the U.S. Joint Chiefs of Staff Michael Mullen and with General Freddy Padilla, head of the Columbian Armed Forces, who has been recognized for his expertise in the fight against drug trafficking cartels. According to official sources, the main aims of this summit of military commanders were to share experiences with Colombia and to review the delivery, operation and training program of UH60L Blackhawk helicopters.

Significant Seizure Events This Period:

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No new updates provided for this period.

Trace Requests for Mexico Recoveries:

FY 10 Trace Requests Thus Far:

There were 35,226* trace requests submitted involving Mexico recoveries between October 1, 2009 and April 12, 2010, of which 124 are pending completion. The break down by agency is as follows:

- Total Trace Requests by ATF 286
- Total Trace Requests by DHS 383
- Total Trace Requests by Mexico 34,554
- Total Trace Requests From Other Agencies 3

*These numbers do not include 11,578 duplicate traces.

INTERNATIONAL AFFAIRS OFFICE

Mexico City

Liaison, Training, Media, and Other SWB Interaction:

From April 5-9, MCO personnel met with the PGR Laboratory personnel in reference to the Spanish eTrace roll out and to meet with [ATF] Director of the PGR Laboratory, in reference to deployment of the 64 Narcotics Affairs Section (NAS) funded computers which ATF has requested for the input of recovered firearms information into eTrace.

On April 6, a representative from MCO began his weekly visit to CENAPI to discuss and coordinate firearms-related issues. MCO and CENAPI personnel discussed a firearms seizure event which occurred on January 15, 2010. In this event, several individuals were arrested and a kidnapped victim was released. In addition to kidnapping activities, the individuals were involved in money laundering operations for [ATF] [ATF]. Three firearms were seized; one was traced to an individual who was investigated by the Phoenix Field Division in 2003 for firearms trafficking and human smuggling. The individual was convicted and sentenced to 3 months in jail and 36 months probation. CENAPI requested that ATF determine how many firearms were purchased by the individual and recovered in Mexico. The trace results of the two other firearms are pending.

In addition, CENAPI also requested an update on the status of the Oficios (official request for action) related to the six charts provided by the MCO personnel to GC-Armas in December. The charts provided detailed information on the Mexican-born multiple sale purchasers whose firearms were recovered in Mexico. (This list was given to GC-Armas by ATF in October.) The MCO personnel have documents on four of the charts and will provide Oficios to CENAPI at the next meeting.

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CENAPI requested that the documents be certified/notarized. However, it was explained that ATF personnel, due to their diplomatic status in Mexico, cannot attest to the veracity of the documents. In an effort to resolve this issue, CENAPI personnel are going to discuss this issue with the Chief of the Deputy Prosecutor's Office of Investigation Specializing in Organized Crime (SIEDO).

On April 9, MCO personnel, using a power point presentation, provided information on Project Gunrunner and firearms trafficking investigations from the Phoenix Field Division. The meeting took place at the Secretariat of Foreign Relations building in Mexico City and participants included a delegation from the Arizona State Attorney General's Office and Government of Mexico Representatives.

Investigative Assistance:

From March 31–April 28, Special Agents from the Monterrey Consulate Office obtained the molded ballistic castings from the Nuevo Leon State Police Crime Laboratory on the [ATF] double homicide. The castings were sent to the ATF Laboratory in Ammendale, Maryland for comparison. In another case, they traced five firearms and provided information on seven hand grenades seized in China-Herrerias, Nuevo Leon to the USBDC. They also provided description information on ten hand grenades seized in Escobedo, Nuevo Leon to the USBDC.

On April 6, MCO personnel interviewed a Mexican national in custody for weapons and narcotics offenses. The Mexican national was a defendant in an ongoing ATF investigation. The defendant admitted to trafficking two firearms to Jalisco, his state of residence. Two, FN 57 pistols he conspired to purchase in [Unrelated] were recovered in Jalisco on May 15 and September 14, 2009, by Mexican law enforcement.

During the week of April 5, MCO personnel continued to assist in the investigation and preparation for a follow-up interview of the Chiapas Improvised Explosive Device bombing suspect.

Monterrey

Investigative Assistance:

During the early morning of March 11, the Mexican Army was involved in a gun battle with an estimated 40 Zeta gunmen, resulting in the death of one gunman. It is reported that the battle began at around midnight and lasted for about two hours. Six armored vehicles and three others vehicles belonging to the Zetas were damaged in the battle.

On March 18, Monterrey personnel received the PGR property list of items pertaining to this matter. The report depicts the seizure of ten long guns, two revolvers, a 66 mm grenade launcher, a 40 mm grenade launcher, three anti-tank grenades, six 40 mm grenades, three hand grenades, an array of ammunition, and various types of weapons' parts.

On April 8, Monterrey personnel opened Investigation Number 701531-10-0014, Seizure General Bravo-China, Nuevo Leon regarding this firearms and explosives seizure. The firearms were traced and the explosives

information was forwarded to the USBDC for tracing.

On April 10, Monterrey personnel responded to Nuevo Laredo to assist ATF and FBI personnel assigned to Laredo, TX, with the post-blast scene investigation of the April 9 attack at the U.S. Consulate in Nuevo Laredo. The FBI opened a formal investigation and took disposition of evidence for submission to their lab. The Monterrey Field Office opened Investigation Number 701531-10-0015 regarding this event in N-FORCE and a Significant Incident Report was submitted. On April 11, Monterrey personnel briefed the U.S. Ambassador to Mexico, who was in Monterrey, regarding the attack.

Tijuana

Liaison, Training, Media, and Other SWB Interaction:

On April 7, ATF Special Agent [ATF] arrived at the U.S. Consulate in Tijuana to begin a 30 day TDY. On April 12, Tijuana Field Office Special Agent [ATF] began a 30 day TDY in Ciudad Juarez.

Investigative Assistance:

On March 24, Tijuana Field Office agents went to the PGR office in Tijuana to examine three firearms seized by the Baja California State Police. Five individuals, who are members of the Arellano Felix Organization, were detained in two vehicles and found in possession of the firearms, ammunition and narcotics.

On March 25, Tijuana Field Office agents went to the Mexican military base in Tijuana to examine six AR-15 type rifles and four pistols found by the Mexican Army inside an abandoned vehicle. Examination of the AR type rifles revealed no markings to identify a manufacturer. Agents and the military discussed sending one of the rifles to the ATF Firearms Technology Branch for further examination. If the PGR authorizes this request, the military would provide one of the rifles to ATF.

On March 31, Tijuana Field Office agents went to the PGR office in Tijuana to examine four AK-47 type rifles seized by the Mexican military in Popotla, Baja California. Based on the type of AK-47 variant and the condition of the rifles, agents suspect the firearms purchasers may be associated with a Phoenix Field Division investigation. Traces results of these firearms are pending.

On April 6, Tijuana personnel met with Tijuana PGR officers concerning the Oficio submitted on the trace result associated with the firearm seized from U.S. Marine. The U.S. Marine was detained in Mexicali, Baja California, for possession of a .223 caliber rifle on January 25 and the trace result indicated that he purchased the firearm at a Federal Firearms Licensee in Yuma, Arizona. PGR Officer [ATF] indicated that the trace result would assist in upholding the charge of smuggling of the AR-15 rifle into Mexico by the U.S. Marine since he stated that he had never seen the rifle before the day of his arrest. Officer Cossio explained that there is an exemption in the law that directs the judge to not consider smuggling charges when a foreign national brings a firearm into Mexico by mistake. Since the U.S. Marine stated that he had never seen this firearm before, the PGR would not have been able to prove the willful intent to bring the firearm into Mexico. As a result, the judge would have no choice but to dismiss the charge. However, the trace result provides the PGR with the evidence needed to charge the U.S. Marine with the smuggling charge, since the firearm was not only registered to him but in his possession at the time of his detention.

On April 6, Tijuana Field Office agents went to the 13

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Attorney General's Office (PGR) in Tijuana to examine seven firearms seized by the Mexican military and the Tijuana Municipal Police Department on March 31. Seven individuals were arrested for possessing the firearms and 870 kilograms of marijuana. Three firearms had obliterated serial numbers and trace results are pending on the remaining four.

On April 8, Tijuana personnel inspected and identified several firearms seized in Tijuana on April 6 by the state police. Five firearms, a large quantity of ammunition and magazines, police radios, and bullet resistant vests were recovered. Pertinent information associated with this seizure event was entered into N-FORCE and firearms information was submitted for tracing. (IN# 701532-10-0001, Tijuana April/May Firearms Seizures).

On April 11, the State Police in Ensenada, Baja California, seized approximately 500 kilograms of explosive materials at a residence in Ensenada. No subjects were detained. The Attorney General's Office (PGR) in the area took over the investigation and requested ATF assistance in identifying the explosives. However, the PGR learned that the explosives were deemed unsafe by the Mexican army and destroyed. Unfortunately, ATF did not get an opportunity to inspect the explosives. The Tijuana Field Office is waiting for a response from the State Police regarding photographs of the explosives to initiate trace efforts.

On April 13, Tijuana personnel met with an ATF SOI in Calexico, CA. The SOI stated that he/she has information regarding two males from the State of Sinaloa who have recently arrived in the Mexicali area to establish a base of operations for the purposes of transporting firearms and narcotics. The SOI agreed to obtain further biographical information regarding these subjects and locations in the Mexicali area where they are storing contraband.

Ciudad Juarez

Investigative Assistance:

As of March 24, ATF personnel from the Mexico Country Office continue to assist the U.S./Mexican investigative teams in the homicide investigation of American Consulate employees.

OFFICE OF TRAINING AND PROFESSIONAL DEVELOPMENT

No new updates provided for this period.

ENFORCEMENT PROGRAMS AND SERVICES

No new updates provided for this period.

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