



United States Attorney
District of Arizona

Two Renaissance Square
40 North Central Avenue, Suite 1200
Phoenix, Arizona 85004-4408

Main: (602) 514-7500
Main FAX: (602) 514-7693

August 18, 2010

The Honorable Mary H. Murguia
United States District Judge
District of Arizona
401 West Washington Street
Phoenix, Arizona 85003

Re:

(b) (7)(E)

Dear Judge Murgia:

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

Letter to Honorable Mary H. Murguia

July 16, 2010.

Page 2

(b) (7)(C)

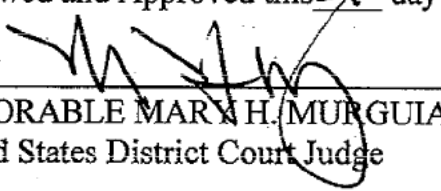
Sincerely yours,

DENNIS K. BURKE
United States Attorney
District of Arizona

(b) (7)(C)

Assistant United States Attorney

Reviewed and Approved this 24th day of August, 2010, by:



HONORABLE MARY H. MURGUIA
United States District Court Judge

Enclosures: As indicated

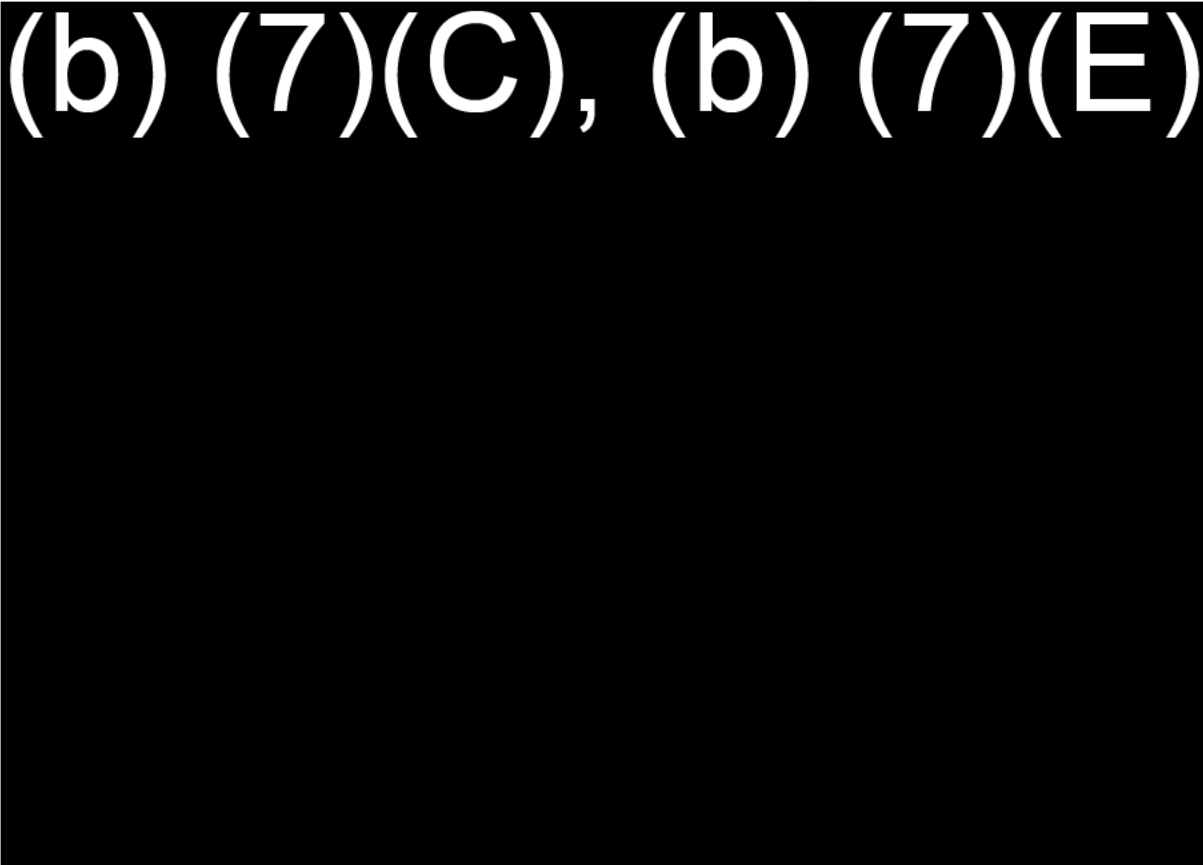
(b) (7)(C), (b) (7)(E)

INTRODUCTION

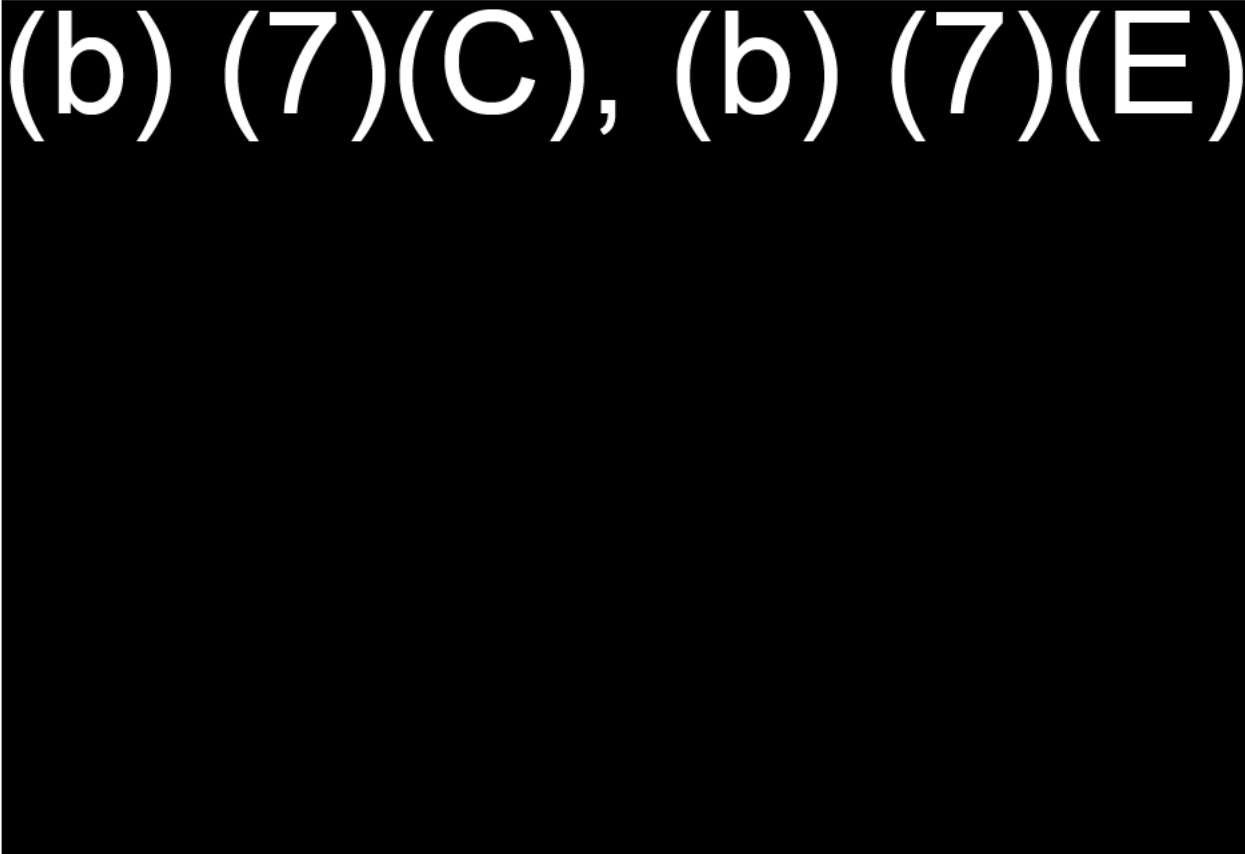
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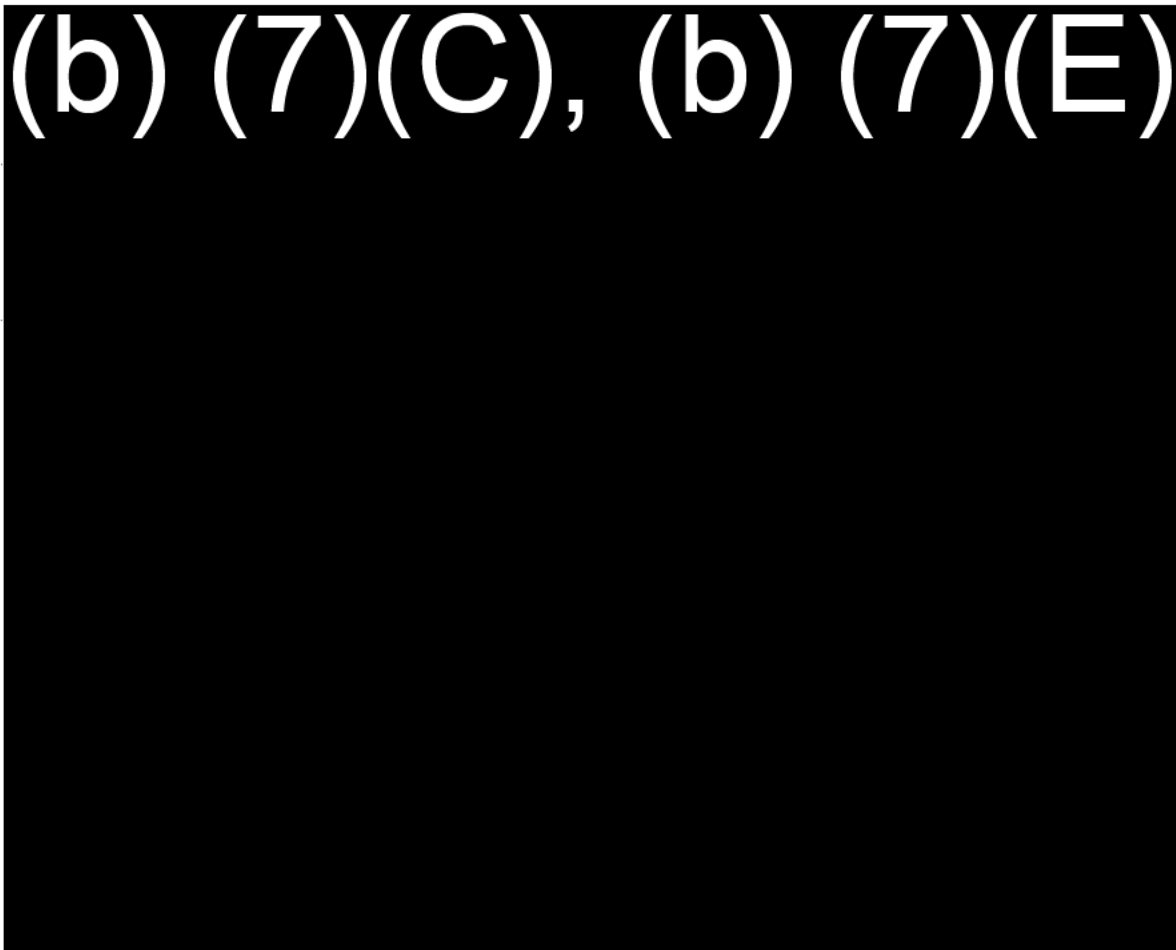
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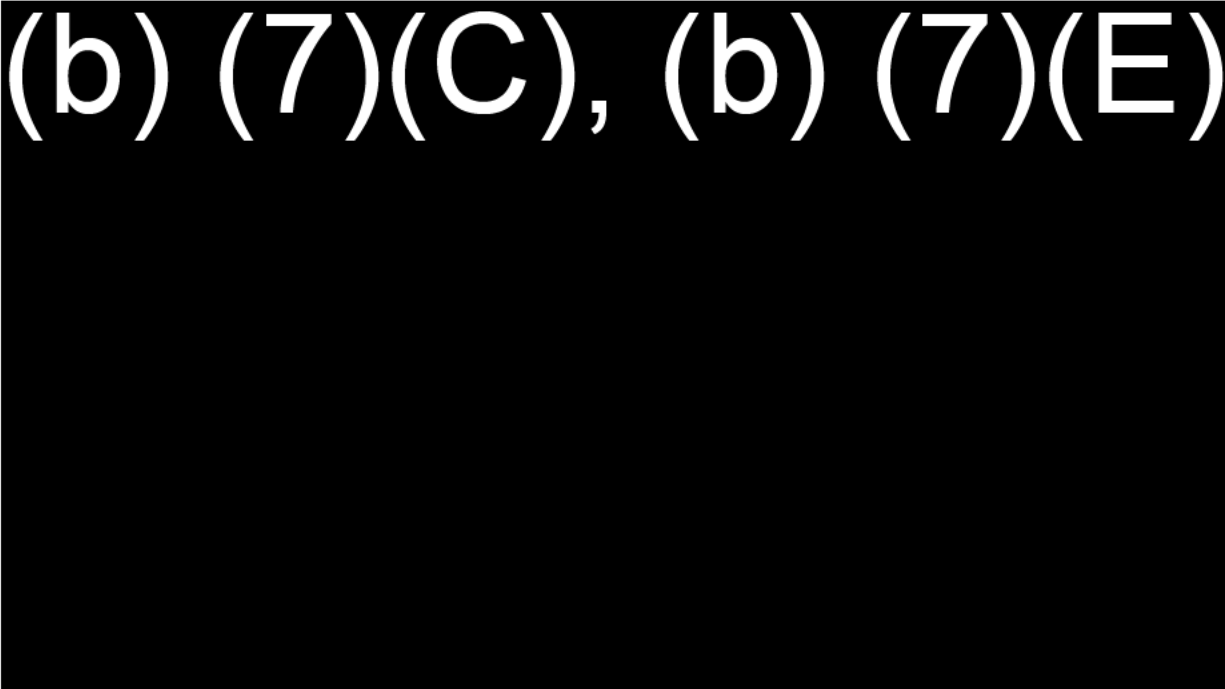


(b) (7)(C), (b) (7)(E)



INVESTIGATIVE ACTION

(b) (7)(C), (b) (7)(E)



● (b) (7)(C), (b) (7)(E)



TECHNICAL ISSUES

● (b) (7)(E)





United States Attorney
District of Arizona

*Two Renaissance Square
40 North Central Avenue, Suite 1200
Phoenix, Arizona 85004-4408*

*Main: (602) 514-7500
Main FAX: (602) 514-7693*

August 2, 2010

The Honorable Mary H. Murguia
United States District Judge
District of Arizona
401 West Washington Street
Phoenix, Arizona 85003

Re: (b) (7)(C), (b) (7)(E)

Dear Judge Murgia:

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

Letter to Honorable Mary H. Murguia
July 16, 2010.
Page 2

(b) (7)(C), (b) (7)(E)

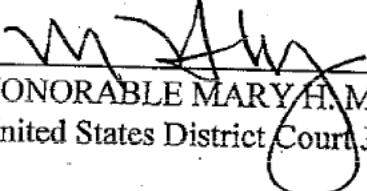
Sincerely yours,

DENNIS K. BURKE
United States Attorney
District of Arizona

(b) (7)(C)

Assistant United States Attorney

Reviewed and Approved this 2nd day of August, 2010, by:


HONORABLE MARY H. MURGUIA
United States District Court Judge

Enclosures: As indicated

(b) (7)(C), (b) (7)(E)

INTRODUCTION

(b) (7)(C), (b) (7)(E)

(b) (7)(E)

(b) (7)(E)

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

(b) (7)(E)

(b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E)

From: (b) (7)(C)
Sent: Friday, April 08, 2011 3:03 PM
To: (b) (7)(C)
CC: Hoover, William J.; McDermond, James E.; Potter, Mark W. (b) (7)(C)
Subject: FW: Letter from Chairman Issa
Attachments: 4-8-11 Letter.pdf

Fyi.

(b) (7)(C)
DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
Chief - Office of Legislative Affairs
(b) (7)(C) mobile1
mobile2
202.648 (b) (7)(C) office)
202.648.9708 (fax)

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From: Pinto, Ashok [mailto:Ashok.Pinto@mail.house.gov]
Sent: Friday, April 08, 2011 2:59 PM
To: Melson, Kenneth E.
Cc: Burton, Faith (SMO); Gaston, Molly (SMO); Rasnake, Gregory R.; Jason_Foster@judiciary-rep.senate.gov
Subject: Letter from Chairman Issa

Dear Acting Director Melson:

Attached please find a letter from Chairman Issa. Please confirm receipt of this message.

Sincerely,

Ashok Pinto

Ashok M. Pinto
U.S. House of Representatives
Committee on Oversight and Government Reform
Darrell Issa, Chairman
(202) 225-5074

From: (b) (7)(C)
Sent: Friday, April 08, 2011 1:58 PM
To: (b) (7)(C)
CC: (b) (7)(C)
Subject: RE: Document Request
Attachments: Eric_Holder_04_23_09.pdf

Here is final item, I'm not able to attaché the full transcript which can be accessed at the link. The request doesn't specify which document is needed.

1. "Department of Justice," House Committee on Appropriations, April 23, 2009

http://democrats.appropriations.house.gov/index.php?option=com_jcalpro&Itemid=117&extmode=view&extid=1275

for transcript, see: http://democrats.appropriations.house.gov/images/stories/pdf/cjs/Hearing_Volumes/CJS-FY10-PT7.pdf#page=273

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Subject: RE: Document Request

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From: (b) (7)(C)
 Sent: Friday, April 08, 2011 12:22 PM
 To: (b) (7)(C)
 Cc: (b) (7)(C)
 Subject: FW: Document Request

I need this completed ASAP (see (b) (7)(C) request below). I am attaching docs 8-10. Please search and save the rest of them and get them to (b) (7)(C) ASAP.

(b) (7)(C)
 DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
 Chief - Office of Legislative Affairs
 (b) (7)(C) mobile1)
 (b) (7)(C) mobile2)
 202.648.(b) (7)(C) office)
 202.648.9708 (fax)

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From: (b) (7)(C)
 Sent: Friday, April 08, 2011 11:26 AM
 To: (b) (7)(C)
 Subject: Document Request

(b) (7)(C)

Do you guys have someone who can find electronic copies of the documents listed below? All were referenced in the OIG Reports on Gunrunner and DOJ wants to produce them to the Committee. Need help fast please.

Public Documents Referenced in the Office of The Inspector General's Reports on Project Gunrunner
 ATF website and ATF "Fact Sheet: Project Gunrunner" (September 2008).

Department Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels (April 2, 2009).

Department of Justice press release, Justice Department Announces Success in Battle Against Firearms Trafficking and Recovery Act Funds to Build on Project Gunrunner (October 1, 2009).

Testimonies Relevant To Project Gunrunner

2. "Law Enforcement Response to Mexican Drugs Cartel," Panels I and II, Joint Hearing of the Crimes and Drugs Subcommittee of the Senate Judiciary Committee and the Senate Caucus on Int'l Narcotics Control, March 17, 2009
3. William Hoover, Assistant Director for Field Operations, ATF, before the Committee on the Judiciary

Subcommittee on Crime and Drugs, U.S. Senate, concerning "Law Enforcement Responses to Mexican Drug Cartels" (March 17, 2009)

4. U.S. House of Representatives, Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009
5. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Panels I and II, Senate Homeland Security and Governmental Affairs Committee, March 25, 2009
6. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Foreign Relations Committee, March 30, 2009
7. "Examining Preparedness and Coordination Efforts of First Responders Along the Southwest Border," House Homeland Security, Subcommittee on Emergency Communications, Preparedness, March 31, 2009
8. "Department of Justice," House Committee on Appropriations, April 23, 2009
9. "Escalating Violence in Mexico and the Southwest border as a Result of Mexican Drug Trade," House Judiciary, Subcommittee on Crime, May 6, 2009
10. "Southern Border Violence: State and Local Perspectives," Senate Committee on Homeland Security, April 20, 2009; "Rise of Mexican Drug Cartels and US National Security," House Committee on Oversight and Government Reform, July 9, 2009
11. "Combating Border Violence: The Role of Interagency Cooperation in Investigations," House Homeland Security, Subcommittee on Border, July 16, 2009
12. William McMahon, Deputy Assistant Director for Field Operations, ATF, before the Committee on Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism, U.S. House of Representatives, concerning "Combating Border Violence: The Role of Interagency Coordination in Investigations" (July 16, 2009), homeland.house.gov/Hearings/index.asp?ID=205

(b) (7)(C)

Acting Chief of Staff
Office of the Director
O: 202-648-**(b) (7)(C)**
C: **(b) (7)(C)**
HQ Room 5 S 100

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STATEMENT OF ERIC H. HOLDER JR.
ATTORNEY GENERAL OF THE UNITED STATES
BEFORE THE UNITED STATES HOUSE OF REPRESENTATIVES

COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON COMMERCE, JUSTICE, SCIENCE, AND RELATED
AGENCIES

APRIL 23, 2009

Good afternoon Chairman Obey, Ranking Member Wolf, and Members of the Subcommittee. Thank you for the opportunity to appear before you today to highlight areas of the President's Fiscal Year (FY) 2010 Budget for the U.S. Department of Justice (Department) and further discuss key priorities for the Department. I would also like to thank you for your support of the American Recovery and Reinvestment Act and the FY 2009 Omnibus Appropriations Act. I look forward to your continued support and appreciate your recognition of the Department's mission and the important work that we do.

The Department is responsible for defending the interests of the United States according to the law; ensuring public safety against threats both foreign and domestic; seeking just punishment for individuals who break the law; assisting our state and local partners; and ensuring fair and impartial administration of justice for all Americans. The Department's ability to meet its mission is dependent on funding that supports our operations and allows us to enhance our efforts in identified areas of need.

The President's FY 2010 Budget has not been released; however, the Department's top line budget proposal is \$26.7 billion. This is a 3.8 percent increase over the FY 2009 appropriation. The Department's budget includes enhanced funding for: strengthening national security and intelligence programs; combating financial fraud; hiring additional police officers; enforcing civil rights; securing our Nation's borders; and expanding federal detention and incarceration programs. More specifically, the President's FY 2010 Budget request:

- ***Counters the Threat of Terrorism and strengthens National Security.*** The request provides \$7.9 billion for the Federal Bureau of Investigation (FBI), including \$480 million in enhancements and \$101 million for continued support of overseas contingency operations and \$88 million for the National Security Division (NSD), to address the President's highest priority: protecting the American people from terrorist acts. Funding supports the detection and disruption of terrorists, counterintelligence, cyber security, and other threats against our National Security.
- ***Provides funding to begin to put 50,000 more cops on the street.*** The request expands the COPS Hiring Grants, and includes funding to begin hiring 50,000 additional police officers. Supporting the hiring of police officers nationwide will

help states and communities prevent the growth of crime during the economic downturn.

- ***Combats Financial Fraud.*** The request includes resources for additional FBI agents to investigate mortgage fraud and white collar crime and for additional Federal prosecutors, civil litigators and bankruptcy attorneys to protect investors, the market, the Federal Government's investment of resources in the financial crisis, and the American public.
- ***Reinvigorates Federal Civil Rights Enforcement.*** The request provides a total of \$145 million for the Civil Rights Division to strengthen civil rights enforcement against racial, ethnic, sexual preference, religious, gender, and other forms of discrimination.
- ***Strengthens Immigration Enforcement and Border Security.*** The request supports resources for a comprehensive approach to enforcement along our borders that combines law enforcement and prosecutorial efforts to investigate, arrest, detain, and prosecute illegal immigrants and other criminals. This initiative also enhances the Department's ability to track fugitives from justice, combat gunrunners and shut down illegal drug traffickers.
- ***Supports Federal Detention and Incarceration Programs.*** The request provides \$6.1 billion for the Bureau of Prisons and \$1.4 billion for the Office of the Detention Trustee to ensure that sentenced criminals and detainees are housed in facilities that are safe, humane, cost-efficient, and appropriately secure.
- ***Expands Prisoner Reentry Programs.*** The request includes \$114 million for prisoner reentry programs, including an additional \$75 million for the Office of Justice Programs to expand grant programs authorized by the Second Chance Act that provide counseling, job training, drug treatment, and other transitional assistance to former prisoners.

As I testified during my confirmation hearing earlier this year, I will pursue a very specific set of goals:

First, I will work to strengthen the activities of the federal government that protect the American people from terrorism. I will use every available tactic to defeat our adversaries, and I will do so within the letter and spirit of the Constitution. Adherence to the rule of law strengthens security by depriving terrorist organizations of their prime recruiting tools. America must be a beacon to the world. We will lead by strength, we will lead by wisdom, and we will lead by example.

Second, I will work to restore the credibility of a Department badly shaken by allegations of improper political interference. Law enforcement decisions and personnel actions must be untainted by partisanship. Under my stewardship, the Department of Justice will serve justice, not the fleeting interests of any political party.

Third, I will reinvigorate the traditional missions of the Department. Without ever relaxing our guard in the fight against global terrorism, the Department must also embrace its historic role in fighting crime, protecting civil rights, preserving the environment, and ensuring fairness in the market place.

In addressing these priorities over the next several years, I look to the continued support of this Subcommittee and Congress, as a whole, to ensure a systematic approach is implemented to target each one of the priorities outlined.

National Security: Counter-Terrorism Efforts since 9/11

Since the attacks of September 11, 2001, the highest priority of the Department has been to protect America against acts of terrorism. Despite repeated and sustained efforts by terrorists, there has not been another attack on American soil. The Department has improved significantly its ability to identify, penetrate, and dismantle terrorist plots as a result of a series of structural reforms, the development of new intelligence and law enforcement tools, and a new mindset that values information sharing, communication and prevention. Working with its federal, state, and local partners, as well as international counterparts, the Department has tirelessly worked to safeguard America.

The FBI has transformed its operations to better detect and dismantle terrorist enterprises - part of the FBI's larger emphasis on threat-driven intelligence. As part of this strategic shift, the FBI has overhauled its counterterrorism operations, expanded intelligence capabilities, modernized business practices and technology, and improved coordination with its partners.

All of the Department's law enforcement components, especially those involved in national security efforts need reliable wireless communication capabilities. The ability of law enforcement to adequately communicate is vital in emergency situations and for day-to-day operations. Inadequate radio systems put our agents' lives, as well as those of the public, at risk. On average, the current Department radio systems are between 15 and 20 years old. The Integrated Wireless Network (IWN) Program is an interagency effort to provide secure, interoperable wireless communications that support the missions of the federal agencies involved in this initiative. IWN will provide a range of secure and reliable wireless communications services, including voice, data and multimedia, to support federal law enforcement, homeland security, and first responder operations. IWN will implement solutions to provide federal agency interoperability with appropriate links to state, local and tribal public safety and homeland security entities. IWN will be deployed incrementally across the country by 2014.

Southwest Border Violence

Several weeks ago, this Subcommittee held hearings with Special Agents in Charge of the Drug Enforcement Administration (DEA) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF); and then with Acting DEA Administrator Michele Leonhart. These hearings provided you critical information on the Department's efforts to address this issue. I will not attempt to summarize what took place during the previous hearings regarding this matter, but I will highlight some of the work the Department has engaged in recently to address southwest border violence.

Illegal immigration and border security continue to be paramount concerns for the United States and the Department. The Southwest Border in particular is a vulnerable area for illegal immigration, drug trafficking, and the smuggling of illegal firearms. Implementing a comprehensive strategy involves collaboration and coordination at various levels of the government. Late last month, the Department announced increased efforts to be used in the fight against Mexican Drug Cartels. The Department, along with the Department of Homeland Security (DHS) and the Department of State, will invest \$700 million this year to enhance Mexican law enforcement and judicial capacity and work closely to coordinate efforts against the cartels through the Merida Initiative. The Department's coordination will include the FBI, DEA, ATF, U.S. Marshals Service (USMS) and the Criminal Division, who will work to investigate and prosecute cartel members for their illegal activities in the United States and with law enforcement colleagues to disrupt the illegal flow of weapons and bulk cash to Mexico.

The Mexican Cartel Strategy will allow the Department to commit 100 ATF personnel to the Southwest Border to supplement our ongoing Project Gunrunner, DEA will add 16 new positions on the border, as well as newly reconstituted Mobile Enforcement Teams, and the FBI is creating a new intelligence group that will focus on kidnapping and extortion. DHS is making similar commitments regarding southwest border resources. In addition, I have met with Secretary Napolitano to discuss increased coordination on various matters between the Department of Justice and DHS.

The Mexican Cartel Strategy is being led by Deputy Attorney General David Ogden. This strategy uses federal prosecutor-led task forces that bring together federal, state and local law enforcement agencies to identify, disrupt and dismantle the Mexican drug cartels through investigation, prosecution, and extradition of their key leaders and facilitators, and seizure and forfeiture of their assets. The Department is increasing its focus on investigations and prosecutions of the southbound smuggling of guns and cash that fuel the violence and corruption and attacking the cartels in Mexico itself, in partnership with the Mexican Attorney General's Office and the Secretariat of Public Security.

Earlier this month I, along with other U.S. government officials, attended the Mexico/United States Arms Trafficking Conference in Cuernavaca, Mexico. This was my first foreign trip as Attorney General. My attendance at this conference reflects my commitment to continuing this fight against the drug cartels. The United States shares the responsibility to find solutions to this problem and we will join our Mexican counterparts in every step of this fight.

Implementing the President's Executive Orders to Close Guantanamo

On January 22nd, President Obama issued three Executive Orders and a Presidential Memorandum that gave significant responsibility to the Department. These Orders, which are clearly important Presidential initiatives, require immediate interagency action to:

- review and effect the appropriate disposition of individuals currently detained by the Department of Defense at the Guantanamo Bay Naval Base;
- develop policies for the detention, trial transfer, release, or other disposition of individuals captured or apprehended in connection with armed conflicts and counterterrorism operations;
- study and evaluate current interrogation practices and techniques and, if warranted, recommend additional or different guidance;
- and review the detention of Ali Saleh Kahlah al-Marri.

The Department has begun implementing these Orders and the Memorandum. I have appointed an Executive Director to lead the Task Force on Review of Guantanamo Bay Detainees. I have also named two officials to lead the Task Force Reviews on Interrogation and Detention Policy.

The Guantanamo Detainee Review Task Force is responsible for assembling and examining relevant information and making recommendations regarding the proper disposition of each individual currently detained at Guantanamo Bay. The Task Force will consider whether it is possible to transfer or release detained individuals consistent with the national security and foreign policy interests of the United States; evaluate whether the government should seek to prosecute detained individuals for crimes they may have committed; and, if none of those options are possible, the Task Force will recommend other lawful means for disposition of the detained individuals.

The Special Task Force on Interrogation and Transfer Policies is charged with conducting a review to determine whether the Army Field Manual interrogation guidelines, when employed by departments or agencies outside the military, provide an appropriate means of acquiring the intelligence to protect the nation, and whether different or additional interrogation guidance is necessary. This task force is also responsible for examining the transfer of individuals to other nations to ensure that such practices comply with all domestic and international legal obligations and are sufficient to ensure that such individuals do not face torture or inhumane treatment.

The Special Task Force on Detention Policy is charged with conducting a review of the lawful options available to the federal government for the apprehension, detention, trial, transfer, release or other disposition of individuals captured or apprehended in connection with armed conflicts and counterterrorism operations.

The Presidential Orders and the Memorandum require me to coordinate or co-chair each of these interagency activities. These task forces also involve other Departments and agencies, including the Secretaries of Defense, State, Homeland Security, the Director of National Intelligence, the Director of the Central Intelligence Agency, the Chairman of the Joint Chiefs of Staff and other officials.

While implementing these Orders the Department will take necessary precautions to ensure decisions regarding Guantanamo detainees account for safety concerns of all

Americans. Executing these orders will have a significant workload and cost impact on the Department and this budget reflects that need.

Federal and State Partnerships Targeting Foreclosure Scams and Loan Modification Fraud

As many Americans face the adverse affects of a devastating economy and an unstable housing market, the Administration announced a new coordinated effort across federal and state government and the private sector to target mortgage loan modification fraud and foreclosure rescue scams. These fraudulent activities threaten to hurt American homeowners and prevent them from getting the help they need during these challenging times. The new effort aligns responses from federal law enforcement agencies, state investigators and prosecutors, civil enforcement authorities, and the private sector to protect homeowners seeking assistance under the Administration's Making Home Affordable Program from criminals looking to perpetrate predatory schemes.

The Department, in partnership with the U.S. Department of Treasury, the Department of Housing and Urban Development (HUD), the Federal Trade Commission (FTC) and the Attorney General of Illinois, will coordinate information and resources across agencies to maximize targeting and efficiency in fraud investigations, alert financial institutions to emerging schemes and step up enforcement actions. As part of this multi-agency effort, the Department has outlined ways to crack down on mortgage fraud schemes. The FBI is investigating more than 2,100 mortgage fraud cases. This number is up almost 400 percent from five years ago. The Bureau has more than doubled the number of agents investigating mortgage scams, created a National Mortgage Fraud Team at Headquarters, and is working hand-in-hand with other partnering agencies.

In addition to focusing on fraudulent scams, I am committed to ensuring that homeowners who may be having difficulty making their mortgage payments do not experience discrimination and can benefit in equal measure from legitimate loan modification programs and other federal programs to provide mortgage assistance and stabilize home prices. Lending discrimination prevents those who are discriminated against from enjoying the benefits of access to credit, including reasonable mortgage payments, so they can stay in their homes and provide much needed stability for their neighborhoods.

Discrimination in lending on the basis of race, national origin, or other prohibited factors is destructive, morally repugnant, and against the law. We will use the full range of our enforcement authority to investigate and prosecute this type of unacceptable lending discrimination.

Unified Financial Management System

Lastly, the Department continues to address ways to improve work efficiency and productivity. One important and complex effort in the Department's management arena is the implementation of the Unified Financial Management System (UFMS). Once fully

implemented, UFMS will result in more accurate, timely and useful financial information that can better support management decisions and actions. UFMS will also enhance the Department's accountability, accuracy, and transparency as it relates to financial performance, internal controls, and standard business practices. Significant achievements and progress have been made on UFMS, and details of our future plans are provided in our Congressional request.

UFMS is a critical element in the long-term health of the Department's financial operations and we look forward to working with the Subcommittee as we move forward with UFMS implementation.

Conclusion

Chairman Obey, Representative Wolf, and Members of the Subcommittee, I want to thank you for this opportunity to discuss my priorities for the Department.

Today I have highlighted critical areas that require attention and resources so that the Department can fulfill its mission to enforce the Nation's laws and help protect national security. Once the budget is released, I hope you will support me in these worthy investments. As always, we are aware that there are tough decisions and challenges ahead and I look forward to working with you as we move forward.

Once again, thank you for inviting me here today. I am pleased to answer any questions you might have.

From: (b) (7)(C)
Sent: Friday, April 08, 2011 1:46 PM
To: (b) (7)(C)
CC: (b) (7)(C)
Subject: RE: Document Request

From what I can tell, that's everything requested except for the last piece (b) (7)(C) putting together per her last message.

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(b) (7)(C)

*DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
Chief - Office of Legislative Affairs*

(b) (7)(C) (mobile1)
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202.648.(b) (7)(C) (office)
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Department Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels (April 2, 2009).

Department of Justice press release, Justice Department Announces Success in Battle Against Firearms Trafficking and Recovery Act Funds to Build on Project Gunrunner (October 1, 2009).

Testimonies Relevant To Project Gunrunner

1. "Law Enforcement Response to Mexican Drugs Cartel," Panels I and II, Joint Hearing of the Crimes and Drugs Subcommittee of the Senate Judiciary Committee and the Senate Caucus on Int'l Narcotics Control, March 17, 2009
2. William Hoover, Assistant Director for Field Operations, ATF, before the Committee on the Judiciary Subcommittee on Crime and Drugs, U.S. Senate, concerning "Law Enforcement Responses to Mexican Drug Cartels" (March 17, 2009)
3. U.S. House of Representatives, Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009
4. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Panels I and II, Senate Homeland Security and Governmental Affairs Committee, March 25, 2009
5. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Foreign Relations Committee, March 30, 2009
6. "Examining Preparedness and Coordination Efforts of First Responders Along the Southwest Border," House Homeland Security, Subcommittee on Emergency Communications, Preparedness, March 31, 2009
7. "Department of Justice," House Committee on Appropriations, April 23, 2009
8. "Escalating Violence in Mexico and the Southwest border as a Result of Mexican Drug Trade," House Judiciary, Subcommittee on Crime, May 6, 2009
9. "Southern Border Violence: State and Local Perspectives," Senate Committee on Homeland Security, April 20, 2009; "Rise of Mexican Drug Cartels and US National Security," House Committee on Oversight and Government Reform, July 9, 2009
10. "Combating Border Violence: The Role of Interagency Cooperation in Investigations," House Homeland

Security, Subcommittee on Border, July 16, 2009

11. William McMahon, Deputy Assistant Director for Field Operations, ATF, before the Committee on Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism, U.S. House of Representatives, concerning "Combating Border Violence: The Role of Interagency Coordination in Investigations" (July 16, 2009), homeland.house.gov/Hearings/index.asp?ID=205

(b) (7)(C)

Acting Chief of Staff
Office of the Director
O: 202-648-(b) (7)(C)
C:(b) (7)(C)
HQ Room 5 S 100

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From: (b) (7)(C)

Sent: Friday, April 08, 2011 1:44 PM

To: (b) (7)(C)

CC: (b) (7)(C)

Subject: RE: Document Request

Attachments: DOJ Press Release Battle Against Firearms Trafficking October 1 2009.mht; ATF Fact Sheet - Project Gunrunner August 2008.mht; Department of Justice Efforts to Combat Mexican Cartels April 2 2011.mht

Here are the public documents requested. One caveat -- The OIG interim report on gun runner report number I-2009-006 footnoted the ATF fact sheet incorrectly. The correct date of the fact sheet is August, 2008, not September 2008 as cited in the OIG report. The quote that they cite (footnote 7) on the bottom of page two/top of page three of the report is from the first sentence of the September 2008 ATF fact sheet.

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From: (b) (7)(C)

Sent: Friday, April 08, 2011 12:22 PM

To: (b) (7)(C)

Cc: (b) (7)(C)

Subject: FW: Document Request

I need this completed ASAP (see (b) (7)(C) request below). I am attaching docs 8-10. Please search and save the rest of them and get them to (b) (7)(C) ASAP.

(b) (7)(C)

DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives

Chief - Office of Legislative Affairs

(b) (7)(C) (mobile1)

(b) (7)(C) (mobile2)

202.648.(b) (7)(C) (office)

202.648.9708 (fax)

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From: (b) (7)(C)
Sent: Friday, April 08, 2011 11:26 AM
To: (b) (7)(C)
Subject: Document Request

(b) (7)(C)

Do you guys have someone who can find electronic copies of the documents listed below? All were referenced in the OIG Reports on Gunrunner and DOJ wants to produce them to the Committee. Need help fast please.

Public Documents Referenced in the Office of The Inspector General's Reports on Project Gunrunner
ATF website and ATF "Fact Sheet: Project Gunrunner" (September 2008).

Department Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels (April 2, 2009).

Department of Justice press release, Justice Department Announces Success in Battle Against Firearms Trafficking and Recovery Act Funds to Build on Project Gunrunner (October 1, 2009).

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10. "Combating Border Violence: The Role of Interagency Cooperation in Investigations," House Homeland Security, Subcommittee on Border, July 16, 2009
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(b) (7)(C)
Acting Chief of Staff
Office of the Director
O: 202-648-(b) (7)(C)
C: (b) (7)(C)
HQ Room 5 S 100

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From: Subject: ATF Fact Sheet - Project Gunrunner Date: Fri, 8 Apr 2011 13:37:54 -0400 MIME-Version: 1.0 Content-Type: multipart/related; type="text/html"; boundary="-----_NextPart_000_0000_01CBF5F2.2A141100" X-MimeOLE: Produced By Microsoft MimeOLE V6.00.2900.5931 This is a multi-part message in MIME format. -----
=_NextPart_000_0000_01CBF5F2.2A141100 Content-Type: text/html; charset="iso-8859-1" Content-Transfer-Encoding: quoted-printable Content-Location: <http://www.atf.gov/publications/factsheets/factsheet-project-gunrunner.html>
=20

Bureau of Alcohol, Tobacco, Firearms and Explosives

Fact Sheet

Public Affairs Division 96 Washington, DC

At The Frontline Against Violent Crime

August 2008

<http://www.atf.gov/>

Contact: ATF Public Affairs Division

(202) 648-8500

Project Gunrunner

ATF is deploying its resources strategically on the Southwest Border to deny firearms, the tools of the trade, to criminal organizations in Mexico and along the border, as well as to combat firearms-related violence affecting communities on both sides of the border. In partnership with other U.S. agencies and the Government of Mexico, ATF refined its Southwest Border strategy. ATF developed Project Gunrunner to stem the flow of firearms into Mexico and thereby deprive narcotics cartels of weapons. The initiative seeks to focus ATF's investigative, intelligence and training resources to suppress firearms trafficking to Mexico and stem firearms-related violence on both sides of the border.

Firearms tracing, in particular the expansion of the eTrace firearms tracing system, is a critical component of Project Gunrunner in Mexico. In 2008, ATF deployed eTrace technology in the nine U.S. consulates in Mexico. ATF has conducted discussions with the Government of Mexico regarding the decentralization of the firearms tracing process to deploy Spanish-language eTrace to other Mexico agencies.

In the past two years, ATF has seized thousands of firearms headed to Mexico. Trends indicate the firearms illegally crossing the U.S.-Mexico border are becoming more powerful. ATF has analyzed firearms seizures in Mexico from FY 2005-07 and identified the following weapons most commonly used by drug traffickers:

- 9mm pistols;
- .38 Super pistols;
- 5.7mm pistols;
- .45-caliber pistols;
- AR-15-type rifles; and
- AK-47-type rifles.

Most of the firearms violence in Mexico is perpetrated by drug-trafficking organizations (DTOs) who are vying for control of drug trafficking routes to the United States and engaging in turf battles for disputed distribution territories. Hundreds of Mexican citizens and law enforcement personnel have become casualties of the firearms-related violence. DTOs operating in Mexico rely on firearms suppliers to enforce and maintain their illicit narcotics operations. Intelligence indicates these criminal organizations have tasked their money-laundering, distribution and transportation infrastructures with reaching into the United States to acquire firearms and ammunition. These Mexican DTO infrastructures have become the leading gun-trafficking organizations operating in the southwest United States.

ATF has dedicated approximately 100 special agents and 25 industry operations investigators to the Southwest Border initiative over the past two years. ATF has recently assigned special agents to Las Cruces, N.M., and Yuma, Ariz. These assignments are part of a broad plan to increase the strategic coverage and disrupt firearms-trafficking corridors operating along the border.

For more information on ATF's programs, please visit the website at <http://www.atf.gov/>.

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TEXT-ALIGN: center } TFOOT TD { FONT-WEIGHT: bold; BACKGROUND: #cad3f0; COLOR: #000; TEXT-ALIGN: center }
TBODY TH { TEXT-ALIGN: left } TR.odd { BACKGROUND: #fff } TR.even { BACKGROUND: #f6f6f6 } TBODY TR:~hover
{ BACKGROUND: #eee } TBODY TH:~hover { BACKGROUND: #e6e6e6 } TBODY TD:~hover { BACKGROUND: #e6e6e6 }
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{ COLOR: #000; TEXT-DECORATION: none } .vcard .org { FONT-WEIGHT: bold; FONT-SIZE: 1.1em } .vcard .agent { FONT-
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MARGIN: 0px; WIDTH: 100%; PADDING-TOP: 0px; = POSITION: fixed; TOP: 0px; HEIGHT: 100%; BACKGROUND-COLOR:
#000 } #modalWindow { BORDER-RIGHT: 15px solid; PADDING-RIGHT: 10px; BORDER-TOP: 15px solid; = DISPLAY: block;
PADDING-LEFT: 10px; Z-INDEX: 55; MIN-HEIGHT: 200px; = LEFT: 50%; PADDING-BOTTOM: 10px; MARGIN-LEFT: -
235px; BORDER-LEFT: 15px = solid; WIDTH: 400px; PADDING-TOP: 10px; BORDER-BOTTOM: 15px solid; = POSITION:
absolute; TOP: 200px; BACKGROUND-COLOR: #fff; TEXT-ALIGN: = center; outline: 1px solid #000 } .modalClose { BORDER-
RIGHT: #ccc 1px solid; BORDER-TOP: #ccc 1px solid; FONT-SIZE: = 1.2em; RIGHT: 10px; BORDER-LEFT: #ccc 1px solid;
WIDTH: 80px; = BORDER-BOTTOM: #ccc 1px solid; POSITION: absolute; TOP: 10px; = BACKGROUND-COLOR:
#fff } .modalClose A { DISPLAY: block; FONT-WEIGHT: bold; MARGIN: 2px; TEXT-TRANSFORM: = uppercase;
BACKGROUND-COLOR: #eee; TEXT-DECORATION: none } .modalClose KBD { BORDER-TOP-STYLE: none; BORDER-
RIGHT-STYLE: none; BORDER-LEFT-STYLE: = none; BORDER-BOTTOM-STYLE: none } .modalExitNotice { BORDER-
LEFT-COLOR: #cad3f0; BACKGROUND: = url(../graphics/layout/core/seal-watermark-400.jpg) #fff no-repeat = center 50px;
BORDER-BOTTOM-COLOR: #cad3f0; BORDER-TOP-COLOR: #cad3f0; = BORDER-RIGHT-COLOR:
#cad3f0 } .modalExitNotice P { TEXT-ALIGN: center } .modalExitNotice .externalSite { BORDER-RIGHT: #ccc 1px solid;
PADDING-RIGHT: 0px; BORDER-TOP: #ccc 1px = solid; PADDING-LEFT: 0px; PADDING-BOTTOM: 0.5em; MARGIN: 0px
2em 1.5em; = BORDER-LEFT: #ccc 1px solid; PADDING-TOP: 0.5em; BORDER-BOTTOM: #ccc 1px = solid; BACKGROUND-
COLOR: #eee } .modalExitNotice .externalSite A { DISPLAY: block } .modalLightbox { BORDER-LEFT-COLOR: #cad3f0;
BACKGROUND: = url(../graphics/layout/core/loading-with-text.gif) #fff no-repeat center = center; BORDER-BOTTOM-COLOR:
#cad3f0; BORDER-TOP-COLOR: #cad3f0; = BORDER-RIGHT-COLOR: #cad3f0 } .modalLightbox IMG { PADDING-RIGHT:
0px; PADDING-LEFT: 0px; PADDING-BOTTOM: 0px; MARGIN: = 10px 0px 0px; PADDING-TOP:
0px } .modalLightbox .modalClose { DISPLAY: block; RIGHT: 0px; WIDTH: 100%; POSITION: relative; TOP: 0px } #content
A.magnify { POSITION: relative } #content A.magnify SPAN { DISPLAY: block; RIGHT: 3px; BACKGROUND: = url
(../graphics/gallery/enlarge-photo.png) no-repeat center center; = WIDTH: 24px; BOTTOM: 6px; POSITION: absolute; HEIGHT:
24px } BUTTON { BORDER-RIGHT: 1px solid; PADDING-RIGHT: 2em; BORDER-TOP: 1px solid; = DISPLAY: inline;
PADDING-LEFT: 2em; BACKGROUND: = url(../graphics/layout/core/button-gradient.png) #8ea9fe repeat-x left = center; FLOAT:
none; PADDING-BOTTOM: 0.2em; MARGIN: 0px 0.25em; = BORDER-LEFT: 1px solid; WIDTH: auto; CURSOR: pointer;
COLOR: #fff; = PADDING-TOP: 0.2em; BORDER-BOTTOM: 1px solid; TEXT-ALIGN: center } BUTTON:focus { BORDER-
LEFT-COLOR: #000; BACKGROUND-IMAGE: none; BORDER-BOTTOM-COLOR: = #000; BORDER-TOP-COLOR: #000;
BORDER-RIGHT-COLOR: #000 } BUTTON:hover { BORDER-LEFT-COLOR: #000; BACKGROUND-IMAGE: none; BORDER-

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BOTTOM-COLOR: #000; BORDER-TOP-COLOR: #000; BORDER-RIGHT-COLOR: #000 } BUTTON:active { COLOR: #000 }
SUP A { TEXT-DECORATION: none } SUP A:visited { TEXT-DECORATION: none } OL.footnotes { FONT-SIZE: 0.9em }
P.alignLeft { TEXT-ALIGN: left } P.alignRight { TEXT-ALIGN: right } P.alignCenter { TEXT-ALIGN: center } P.contentEnd
{ TEXT-ALIGN: center } P.contentEnd { CLEAR: both } P.indent { TEXT-INDENT: 5em } #content P.alignLeft { TEXT-INDENT:
0px } #content P.alignRight { TEXT-INDENT: 0px } #content P.alignCenter { TEXT-INDENT: 0px } #content P.contentEnd
{ TEXT-INDENT: 0px } IMG.alignLeft { FLOAT: left; MARGIN: 0px 10px 10px 0px } DIV.alignLeft { FLOAT: left; MARGIN:
0px 10px 0px 0px } BLOCKQUOTE.alignLeft { FLOAT: left; MARGIN: 0px 10px 10px 0px } IMG.alignRight { FLOAT: right;
MARGIN: 0px 0px 10px 10px } DIV.alignRight { FLOAT: right; MARGIN: 0px 0px 10px 10px } BLOCKQUOTE.alignRight
{ FLOAT: right; MARGIN: 0px 0px 10px 10px } IMG.alignCenter { DISPLAY: block; MARGIN: 0px auto 10px } DIV.alignCenter
{ DISPLAY: block; MARGIN: 0px auto 10px } BLOCKQUOTE.alignCenter { DISPLAY: block; MARGIN: 0px auto 10px }
IMG.bounded { BORDER-RIGHT: #999 1px solid; PADDING-RIGHT: 3px; BORDER-TOP: #999 1px solid; PADDING-LEFT:
3px; PADDING-BOTTOM: 3px; BORDER-LEFT: #999 1px solid; PADDING-TOP: 3px; BORDER-BOTTOM: #999 1px solid }
DIV.bounded { BORDER-RIGHT: #999 1px solid; PADDING-RIGHT: 3px; BORDER-TOP: #999 1px solid; PADDING-LEFT:
3px; PADDING-BOTTOM: 3px; BORDER-LEFT: #999 1px solid; PADDING-TOP: 3px; BORDER-BOTTOM: #999 1px solid }
DEL.redacted { COLOR: #000; BACKGROUND-COLOR: #000 } DIV.photo { FONT-SIZE: 0.8em } DIV.photo P { MARGIN-
BOTTOM: 0px; TEXT-INDENT: 0px } #content DIV.photo P { MARGIN-BOTTOM: 0px; TEXT-INDENT: 0px }
BLOCKQUOTE.pullQuote { BORDER-RIGHT: #ddd 1px solid; PADDING-RIGHT: 10px; BORDER-TOP: #ddd 1px solid;
PADDING-LEFT: 10px; FONT-WEIGHT: bold; FONT-SIZE: 1.3em; = BACKGROUND: #f9f9f9; PADDING-BOTTOM: 10px;
BORDER-LEFT: #ddd 1px solid; = WIDTH: 200px; PADDING-TOP: 10px; BORDER-BOTTOM: #ddd 1px solid }
BLOCKQUOTE.pullQuote CITE { DISPLAY: block; FONT-WEIGHT: normal; TEXT-ALIGN: right; = TEXT-DECORATION:
none } EM.title { FONT-STYLE: normal; TEXT-DECORATION: underline } DL.legend { BORDER-RIGHT: #ccc 1px solid;
PADDING-RIGHT: 0px; BORDER-TOP: #ccc 1px solid; PADDING-LEFT: 0px; FLOAT: left; PADDING-BOTTOM: 0.5em; =
BORDER-LEFT: #ccc 1px solid; PADDING-TOP: 0.5em; BORDER-BOTTOM: #ccc 1px solid; BACKGROUND-COLOR:
#f6f6f6 } DL.legend DT { PADDING-RIGHT: 0px; PADDING-LEFT: 0px; FLOAT: left; PADDING-BOTTOM: = 0px; MARGIN:
0px 0px 0.5em; PADDING-TOP: 0px } DL.legend DD { PADDING-RIGHT: 0px; PADDING-LEFT: 0px; FLOAT: left; PADDING-
BOTTOM: = 0px; MARGIN: 0px 0px 0.5em; PADDING-TOP: 0px } DL.legend DT { PADDING-RIGHT: 2%; WIDTH: 23%;
TEXT-ALIGN: right; TEXT-DECORATION: none } DL.legend DD { WIDTH: 70% } BODY { BACKGROUND: #ddd } #container
{ BORDER-RIGHT: #000 1px solid; PADDING-RIGHT: 100px; BORDER-TOP: #000 = 1px solid; PADDING-LEFT: 100px;
PADDING-BOTTOM: 75px; MARGIN: 2em auto; = BORDER-LEFT: #000 1px solid; WIDTH: 600px; PADDING-TOP: 75px; =
BORDER-BOTTOM: #000 1px solid; POSITION: relative; BACKGROUND-COLOR: = #fff } @media Handheld =20 { BODY
{ FONT-SIZE: 1em; WIDTH: 100%; COLOR: #000; LINE-HEIGHT: normal } IMG { content: attr(alt) } } @media Print =20
{ BODY { BACKGROUND: #fff; FONT: 10pt/1.2 "Times New Roman", Times, serif; = COLOR: #000; TEXT-ALIGN: left } A
{ TEXT-DECORATION: underline } H1 { =09 } H2 { =09 } H3 { =09 } H4 { =09 } H5 { =09 } H6 { =09 } H1 { FONT-SIZE:
1.6em } H2 { FONT-SIZE: 1.5em } H3 { FONT-SIZE: 1.4em } H4 { FONT-SIZE: 1.3em } H5 { FONT-SIZE: 1.2em } H6 { FONT-
SIZE: 1.2em } TABLE { page-break-inside: avoid } UL { page-break-inside: avoid } OL { page-break-inside: avoid } P { page-break-
inside: avoid } .noBreak { PAGE-BREAK-BEFORE: always } DEL.redacted { FONT-STYLE: italic } #container { PADDING-
RIGHT: 0px; PADDING-LEFT: 0px; PADDING-BOTTOM: 0px; MARGIN: 0px = auto; BORDER-TOP-STYLE: none; PADDING-
TOP: 0px; BORDER-RIGHT-STYLE: = none; BORDER-LEFT-STYLE: none; POSITION: relative; BORDER-BOTTOM-STYLE: =
none } -----_NextPart_000_0000_01CBF5F2.2A141100 Content-Type: text/css; charset="iso-8859-1" Content-Transfer-
Encoding: quoted-printable Content-Location: http://www.atf.gov/css/atf-2009-press-release.css #header { MARGIN: 0px auto;
WIDTH: 600px; POSITION: relative } #header H1 { FONT-WEIGHT: normal; FONT-SIZE: 16px; MARGIN: -93px 0px 0px;
COLOR: = #fff; LINE-HEIGHT: 27px; TEXT-ALIGN: center } #header H2 { FONT-WEIGHT: normal; FONT-SIZE: 36px;
MARGIN: 0px; COLOR: #001c54; = LINE-HEIGHT: 40px; TEXT-ALIGN: center } #header .fieldDivision { FONT-WEIGHT:
normal; FONT-SIZE: 12px; MARGIN: 0px; WIDTH: 49%; COLOR: = #000; LINE-HEIGHT: 23px; POSITION: relative; TEXT-
ALIGN: center } #header .slogan { FONT-WEIGHT: normal; FONT-SIZE: 12px; MARGIN: 0px; WIDTH: 49%; COLOR: = #000;
LINE-HEIGHT: 23px; POSITION: relative; TEXT-ALIGN: center } #header .fieldDivision { FLOAT: right } #header .slogan
{ FLOAT: left } #details { FLOAT: right; MARGIN-BOTTOM: 1.5em } #contact { FLOAT: left; MARGIN-BOTTOM: 1.5em }
#details P { TEXT-ALIGN: right } #details P { MARGIN: 0px } #contact P { MARGIN: 0px } #content { CLEAR: both } #content
H3 { FONT-SIZE: 1.3em; TEXT-ALIGN: center } #content H4 { FONT-SIZE: 1.3em; TEXT-ALIGN: center } #content H3 { TEXT-
TRANSFORM: uppercase } #content H4.subHeading { FONT-WEIGHT: normal; FONT-STYLE: italic } #content H5 { FONT-SIZE:
1.2em } #content H6 { FONT-SIZE: 1.1em } #content P { MARGIN: 1em 0px; TEXT-INDENT: 4em } #content BLOCKQUOTE P
{ TEXT-INDENT: 0px } #content DL P { TEXT-INDENT: 0px } #content LI P { TEXT-INDENT: 0px } @media Screen, Projection
=20 { H1 { FONT-FAMILY: Arial, "Helvetica Neue", Helvetica, sans-serif } H2 { FONT-FAMILY: Arial, "Helvetica Neue",
Helvetica, sans-serif } H3 { FONT-FAMILY: Arial, "Helvetica Neue", Helvetica, sans-serif } H4 { FONT-FAMILY: Arial, "Helvetica
Neue", Helvetica, sans-serif } H5 { FONT-FAMILY: Arial, "Helvetica Neue", Helvetica, sans-serif } H6 { FONT-FAMILY: Arial,
"Helvetica Neue", Helvetica, sans-serif } } @media Handheld =20 { #header IMG { DISPLAY: none } } @media Print =20 { #header
{ MARGIN: 0px auto 0.5em; WIDTH: 100%; POSITION: relative } #header H1 { MARGIN-TOP: -90px; FONT-WEIGHT: normal;
FONT-SIZE: 16px; COLOR: #fff; = LINE-HEIGHT: 20px; TEXT-ALIGN: center } #header H2 { FONT-WEIGHT: normal; FONT-
SIZE: 36px; COLOR: #001c54; LINE-HEIGHT: = 46px; TEXT-ALIGN: center } #header H1 { FONT-FAMILY: Arial, "Helvetica
Neue", Helvetica, sans-serif } #header H2 { FONT-FAMILY: Arial, "Helvetica Neue", Helvetica, sans-serif } #header .fieldDivision
{ FONT-SIZE: 12px; COLOR: #000; LINE-HEIGHT: 18px } #header .slogan { FONT-SIZE: 12px; COLOR: #000; LINE-HEIGHT:
18px } #content { WIDTH: 100% } #content A:unknown { FONT-SIZE: 0.9em; content: " (" attr(href) )" } #content H3 { FONT-
SIZE: 13pt } #content H4 { FONT-SIZE: 13pt } } -----_NextPart_000_0000_01CBF5F2.2A141100 Content-Type:
application/octet-stream Content-Transfer-Encoding: quoted-printable Content-Location: http://www.atf.gov/js/core/packed.js //
Prototype JavaScript framework, version 1.6.1 // script.aculo.us scriptaculous.js v1.8.3, Thu Oct 08 11:23:33 +0200 = 2009 eval

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(h)} } 1e{f.2Q=3Dg=.3s0} } 1e{f.2Q=3Dg.3s0} } g.4l.1p(g).4O();M f}M = c}(),1D:L(b,c){b=3D\$(b);if(c&&c.44){c=3Dc.44()} 1e{if(!V.5j(c)){c=3DV.4K(= c);N = a=3Db.ip.iq();a.ir(b);c.4l.1p(c).4O();c=3Da.it(c.3s0)} } b.28.aH(c,b);M = b} ,5v:L(c,e){c=3D\$(c);if(V.2d(e))IV.4N(e)IV.5j(e)ll(e&&(e.44lle.4K))} } e=3D= {2C:e} } N d,f,b,g:1f(N a in = e){d=3De[a];a=3Da.1Q();f=3DU.6f[a];if(d&&d.44){d=3Dd.44()} if(V.5j(d)){f(c= ,d);3M}d=3DV.4K(d);b=3D((a=3D=3D"aI"lla=3D=3D"8D")?c.28:c).1M.25();g=3DU.= 8C(b,d.3s0);if(a=3D=3D"1v"lla=3D=3D"8D") } g.67() } g.1o(f.6V(c));d.4l.1p(d)= .4O()}M = c} ,4l:L(b,c,a){b=3D\$(b);if(V.5j(c)){\$(c).7d(all{ })} } 1e{if(V.2d(c)){c=3D1b = U(c,a)} } 1e{c=3D1b U("2G",c)} } if(b.28){b.28.aH(c,b)}c.2p(b);M = c} ,29:L(b){b=3D\$(b);N a=3D"<" + b.1M.1Q();\$(h{id:"id",1V:"5y"}).1o(L(f){N = e=3Df.3f(c),c=3Df.2l(c),N d=3D(b[e]ll"").2g(c);if(d){a+=3D" = "+c+"=3D"+d.29(1d)} });M a+">" } ,8E:L(a,c){a=3D\$(a);N = b=3D[];1K(a=3Da[c]) } if(a.2M=3D=3D1){b.1k(U.Y(a)) } } M b } ,a:L(a){M = U.8E(a,"28") } ,dM:L(a){M = U.1Y(a,"*") } ,aK:L(a){a=3D\$(a).2Z;1K(a&&a.2M!=3D1){a=3Da.6g}M = \$(a)} ,dN:L(a){if(!=3D\$(a).2Z)} } M[] } 1K(a&&a.2M!=3D1){a=3Da.6g}if(a){M[a]= .2m\$(a).7f()) } M[] } ,aL:L(a){M U.8E(a,"dO") } ,7f:L(a){M = U.8E(a,"6g") } ,iu:L(a){a=3D\$(a);M = U.aL(a).67().2m(U.7f(a)) } ,1L:L(b,a){if(V.2d(a)){a=3D1b 1g(a)}M = a.1L\$(b)} } ,iv:L(b,d,a){b=3D\$(b);if(1i.1a=3D=3D1){M \$(b.28)} } N = c=3DU.aJ(b);M = V.4N(d)?c[d]:1g.51(c,d,a)} ,3l:L(b,c,a){b=3D\$(b);if(1i.1a=3D=3D1){M = U.aK(b)}M = V.4N(c)?U.dM(b)[c]:U.1Y(b,c)[all0]} ,iw:L(b,d,a){b=3D\$(b);if(1i.1a=3D=3D1)= {M \$(1g.2c.7g(b))} } N c=3DU.aL(b);M = V.4N(d)?c[d]:1g.51(c,d,a)} ,dP:L(c,d,b){c=3D\$(c);if(1i.1a=3D=3D1){M = \$(1g.2c.7h(c))} } N a=3DU.7f(c);M V.4N(d)?a[d]:1g.51(a,d,b)} ,1Y:L(b){N = a=3D4k.1m.2w.1N(1i,1);M 1g.8F(b,a)} ,5z:L(b){N a=3D4k.1m.2w.1N(1i,1);M = 1g.8F(b.28,a).74(b)} ,dQ:L(a){a=3D\$(a);N b=3DU.5A(a,"id");if(b){M = b}do {b=3D"ix"+U.dK++} 1K\$(b);U.7d(a,"id",b);M = b} ,5A:L(c,a){c=3D\$(c);if(1h.1X.3d){N b=3DU.3N.8G;if(b.3H[a]) } M = b.3H[a](c,a)}if(b.52[a]) } a=3Db.52[a]}if(a.1I("":")) } {M(!c.aMllc.aM[a])?1c:= c.aM[a].1l} } M c.5B(a),7d:L(e,c,f){e=3D\$(e);N b=3D1}.d=3DU.3N.8H;if(2t = c=3D=3D"3q") } b=3Dc} 1e{b[c]=3DV.2a(f)?1d:f} 1f(N a in = b){c=3Dd.52[a]lla;f=3Db[a];if(d.3H[a]) } c=3Dd.3H[a](e,f)}if(f=3D=3D=3D18ll= f=3D=3D=3D1c)} {e.aN(c)} 1e{if(f=3D=3D=3D1d){e.4Y(c,c)} 1e{e.4Y(c,f)} } } M = e} ,aO:L(a){M U.4t(a).1y} ,aP:L(a){M U.4t(a).1s} ,iy:L(a){M 1b = U.8I(a)} ,7i:L(a,b){if(!=3D\$(a)) } {M}N c=3Da.1V;M(c.1a>0&&(c=3D=3Dbll1b = 3I("^\s\$"+b+"^\s\$").1O(c))} ,47:L(a,b){if(!=3D\$(a)) } {M}if(!U.= 7i(a,b)) } {a.1V+=3D(a.1V?" ":") + b}M = a} ,53:L(a,b){if(!=3D\$(a)) } {M}a.1V=3Da.1V.1D(1b = 3I("^\s\$"+b+"^\s+\$")," ").2H();M = a} ,iz:L(a,b){if(!=3D\$(a)) } {M}M = U[U.7i(a,b)"53":"47"](a,b)} ,7j:L(b){b=3D\$(b);N c=3Db.2Z;1K(c){N = a=3Dc.6g;if(c.2M=3D=3D3&&1/\s.1O(c.8J)) } b.5x(c)}c=3Da}M b } ,4o:L(a){M = \$(a).2Q.4n() } ,8K:L(b,a){b=3D\$(b),a=3D\$(a);if(b.dR)}M (b.dR(a)&8)=3D=3D=3D8= } if(a.5C)}M a.5C(b)&&a!=3D=3Db} 1K(b=3Db.28)}if(b=3D=3Da)}M 1d } } M = 18} ,aQ:L(a){a=3D\$(a);N b=3DU.48(a);1n.aQ(b[0],b[1]);M = a} ,1r:L(b,c){b=3D\$(b);c=3Dc=3D=3D"ar""8L":c.5p();N = d=3Db.19[c];if(!dll=3D=3D"7k"} } {N = a=3D17.8M.aS(b,1c);d=3Da?a[c]:1c}if(c=3D=3D"1W") } {M d?2R(d):1}M = d=3D=3D"7k"?1c:d} ,7l:L(a){M \$(a).1r("1W")} ,1E:L(b,c){b=3D\$(b);N = e=3Db.19;a;if(V.2d(c)) } b.19.aT+=3D"";+c;M = c.1I("1W")?b.54(c.1L/1W):\s*(\d*\? \d*)/[1];b} 1f(N d in = c){f=3D=3D"1W"} } {b.54(c[d])} 1e{e[(d=3D=3D"ar"llid=3D=3D"8L")?(V.2a(e.aU) = ?"8L": "aU"):d]=3Dc[d]} } M = b} ,54:L(a,b){a=3D\$(a);a.19.1W=3D(b=3D=3D1llb=3D=3D=3D"")?"";:(b<0.8N)?0;b = M a} ,4t:L(c){c=3D\$(c);N = g=3DU.1r(c,"2X");if(g!=3D"3y"&&g!=3D1c)}M {1s:c.5D,1y:c.55} } N b=3Dc.19;N = f=3Db.aV;N d=3Db.1z;N = a=3Db.2X;b.aV=3D"5E";if(d!=3D"dS") } {b.1z=3D"3z"}b.2X=3D"iA";N h=3Dc.dT;N = e=3Dc.8O;b.2X=3Da;b.1z=3Dd;b.aV=3Df;M {1s:h,1y:e} } ,49:L(a){a=3D\$(a);N = b=3DU.1r(a,"1z");if(b=3D=3D"6h"llb)}{a.aW=3D1d;a.19.1z=3D"5F";if(1h.1X.5W =) } {a.19.1v=3D0;a.19.1F=3D0} } M = a} ,4a:L(a){a=3D\$(a);if(a.aW)} {a.aW=3D2u;a.19.1z=3Da.19.1v=3Da.19.1F=3Da.19.= 2C=3Da.19.4u=3D""}M a} ,4b:L(a){a=3D\$(a);if(a.5G)}M = a}a.5G=3DU.1r(a,"aX")ll"7k";if(a.5G!=3D=3D"5E") } {a.19.aX=3D"5E"}M = a} ,4c:L(a){a=3D\$(a);if(a.5G)}M = a} a.19.aX=3Da.5G=3D=3D"7k"?"";a.5G;a.5G=3D1c;M a} ,48:L(b){N = a=3D0,c=3D0;do {a+=3Db.4vll0;c+=3Db.56ll0;b=3Db.3A} 1K(b);M = U.4w(c,a)} ,7m:L(b){N = a=3D0,d=3D0;do {a+=3Db.4vll0;d+=3Db.56ll0;b=3Db.3A;if(b).1M.25()=3D=3D= "dU"} {1B}N c=3DU.1r(b,"1z");if(c!=3D=3D"6h") } {1B} } } 1K(b);M = U.4w(d,a)} ,8P:L(b){b=3D\$(b);if(U.1r(b,"1z")=3D=3D"3z") } {M b}N = d=3DU.7m(b);N f=3Dd[1];N e=3Dd[0];N c=3Db.dT;N = a=3Db.8O;b.dV=3D=3De-2R(b.19.1Fll0);b.dW=3Df-2R(b.19.1vll0);b.dX=3Db.19.1s;b.= .dY=3Db.19.1y;b.19.1z=3D"3z";b.19.1v=3Df+"1Z";b.19.1F=3De+"1Z";b.19.1s=3D= c+"1Z";b.19.1y=3Da+"1Z";M = b} ,aY:L(a){a=3D\$(a);if(U.1r(a,"1z")=3D=3D"5F") } {M a}a.19.1z=3D"5F";N = c=3D2R(a.19.1vll0)-(a.dVll0);N = b=3D2R(a.19.1Fll0)-(a.dVll0);a.19.1v=3Dc+"1Z";a.19.1F=3Db+"1Z";a.19.1y=3D= a.dY;a.19.1s=3Da.dX;M a} ,aZ:L(b){N = a=3D0,c=3D0;do {a+=3Db.4xll0;c+=3Db.4yll0;b=3Db.28} 1K(b);M = U.4w(c,a)} ,6i:L(a){if(a.3A)}M \$(a.3A)}if(a=3D=3D17.2x)}M = \$(a)} 1K((a=3Da.28)&&a!=3D17.2x)}if(U.1r(a,"1z")=3D"6h") } {M \$(a)} } M = \$(17.2x)} ,7n:L(d){N a=3D0,c=3D0;N = b=3Dd;do {a+=3Db.4vll0;c+=3Db.56ll0;if(b.3A=3D=3D17.2x&&U.1r(b,"1z")=3D=3D= "3z") } {1B} } 1K(b=3Db.3A);b=3Dd;do {if(!1h.1X.5Wll(b.1M&&(b.1M.25)=3D=3D"dU" =)) } {a=3Db.4xll0;c=3Db.4yll0} } 1K(b=3Db.28);M U.4w(c,a)} ,dZ:L(b,d){N = a=3DV.Y({e0:1d,b0:1d,e1:1d,b1:1d,4v:0,56:0} ,1i[2]ll)} ;d=3D\$(d);N = e=3DU.7n(d);b=3D\$(b);N f=3D[0,0];N = c=3D1c;if(U.1r(b,"1z")=3D=3D"3z") } {c=3DU.6i(b);f=3DU.7n(c)}if(c=3D=3D17.2x=) } f[0]=3D17.2x.56;f[1]=3D17.2x.4v}if(a.e0){b.19.1F=3D(e[0]-f[0]+a.56)+=" 1Z"}if(a.b0){b.19.1v=3D(e[1]-f[1]+a.4v)+"1Z"}if(a.e1){b.19.1s=3Dd.5D+"1Z" = }if(a.b1){b.19.1y=3Dd.55+"1Z"}M = b} } ;V.Y(U.1j,{iB:U.1j,iY:U.1j,dN});U.3N=3D{8H:{52:{1V:"5y",6j:"1f",3H= :{ }};if(1h.1X.5W){U.1j.1r=3DU.1j.1r.4l(L(d,b,c)} 3G(c){1t"1F":1t"1v":1t"4= u":1t"2C":if(d(b,"1z")=3D=3D=3D"6h") } {M 1c}1t"1y":1t"1s":if(!U.8z(b)) } {M = 1c}N e=3D6k(d(b,c),10);if(e!=3D=3Dbj"2O"+c.66()) } {M e+"1Z"}N = a;if(c=3D=3D=3D"1y") } {a=3Dl"8Q-1v-1s","8R-1v","8R-2C","8Q-2C-1s"} } 1e{a=3D[= "8Q-1F-1s","8R-1F","8R-4u","8Q-4u-1s"]}M a.2U(e,L(f,g){N h=3Dd(b,g);M = h=3D=3D=3D1c?f:f-6k(h,10)}+"1Z";6l:M = d(b,c)} } ;U.1j.5A=3DU.1j.5A.4l(L(c,a,b)}if(b=3D=3D=3D"7o") } {M a.7o}M = c(a,b)} } 1e{if(1h.1X.3d){U.1j.6i=3DU.1j.6i.4l(L(c,b){b=3D\$(b);1S{b.3A}1T(= f)}M \$(17.2x)}N a=3Db.1r("1z");if(a!=3D=3D"6h") } {M c(b)}b.1E({1z:"5F"});N = d=3Dc(b);b.1E({1z:a});M d};\$w("7m = 7n").1o(L(a){U.1j[a]=3DU.1j[a].4l(L(f,c){c=3D\$(c);1S{c.3A}1T(h)}M = U.4w(0,0)}N b=3Dc.1r("1z");if(b!=3D=3D"6h") } {M f(c)}N = d=3Dc.6i(c);if(d&&d.1r("1z")=3D=3D=3D"dS") } {d.1E({6m:1})}c.1E({1z:"5F"});N = g=3Df(c);c.1E({1z:b});M = g)} } ;U.1j.48=3DU.1j.48.4l(L(b,a){1S{a.3A}1T(c)}M U.4w(0,0)}M = b(a)};U.1j.1r=3DL(a,b){a=3D\$(a);b=3D(b=3D=3D"ar"llb=3D=3D"8L")?"aU":b.5p= ();N = c=3Da.19[b];if(!c&&a.6n)}c=3Da.6n[b]}if(b=3D=3D"1W") } {if(c=3D(a.1r("5r")ll= "").1L(/b2\1W=3D(*\W))}if(c[1]) } {M 2R(c[1])/3m}M = 1}if(c=3D&=3D"7k") } {if(b=3D=3D"1s"llb=3D=3D"1y")&&(a.1r("2X")!=3D"3y")}M = a["2O"+b.66()]+="1Z"}M 1c}M c};U.1j.54=3DL(b,e){L f(g)}M = g.1D(/b2\(\[^\W]*\W)/gi,"") } b=3D\$(b);N = a=3Db.6n;if((a&&!a.b3)ll(!a&&b.19.6m=3D=3D"e2")) } {b.19.6m=3D1}N = d=3Db.1r("5r"),c=3Db.19;if(e=3D=3D1lle=3D=3D=3D"") } {(d=3Df(d))?c.5r=3Dd:c.= aN("5r");M b} 1e{if(e<0.8N)}{e=3D0} } c.5r=3Df(d)+"b2(1W=3D"+(e*3m)+"");M = b} ;U.3N=3D(L){N b=3D"1V";N a=3D"1f";N = c=3D17.1P("2G");c.4Y(b,"x");if(c.1V!=3D=3D"x")

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{c.4Y("5y","x");if(c.1V=3D=3D=3D"x"){b=3D"5y"}c=3D1c;c=3D17.1P("iD");c.4Y(a,"x");if(c.6j!=3D=3D"x"){c=.4Y
("6j","x");if(c.6j=3D=3D=3D"x"){a=3D"6j"}c=3D1c;M{8G: {52: {"5y":b,1V:b=,"1f":a,6j:a},3H: {e3:L(d,e){M d.5B(e)},b4:L(d,e)
{M = d.5B(e,2)},e4:L(d,f){N e=3Dd.e5(f);M e?e.1l:""},2y:(L){N = d=3D17.1P("2G");d.7p=3D1h.2v;N g=3Dd.5B("7p");N = e;if(1U
(g).2E("}")>-1){e=3DL(f,h){h=3Df.5B(h);if(!h){M = 1c}h=3Dh.2g();h=3Dh.3h("}")[1];h=3Dh.3h("}")[0];M = h.2H(0)}1e;if
(g=3D=3D=3D"x"){e=3DL(f,h){h=3Df.5B(h);if(!h){M 1c}M = h.2H(0)}}d=3D1c;M e)}(,7q:L(d,e){M $(d).3O(e)?e:1c},19:L(d){M =
d.19.aT.1Q(0)},7o:L(d){M = d.7o}})}(,U.3N.8H=3D{52:V.Y({iE:"iF",iG:"iH"},U.3N.8G.52),3H: {3P:L(a,b=)}{a.3P=3D!b},19:L
(a,b){a.19.aT=3Db?b:""};U.3N.b5=3D{;$w{"i i i k i L = i M 8S i n i O i P i Q = i R".}1o(L(a){U.3N.8H.52[a.1Q(0)]=3Da;U.3N.b5
[a.1Q(0)]=3Da};(L(a){V.Y(a,{b6=:a.b4,e6:a.b4,1u:a.e3,e7:a.e4,2P:a.7q,i3P:a.7q,iS:a.7q,e8:a.7q,iT:a.2y,e9=:
a.2y,7p:a.2y,iU:a.2y,iV:a.2y,iW:a.2y,iX:a.2y,iY:a.2y,iZ:a.2y,j0:a.2y,ea:a=.2y,j1:a.2y,j2:a.2y,j3:a.2y,eb:a.2y,j4:a.2y,j5:a.2y,j6:a.2y}))
(U.3N.8G.3=H);if(1h.3e.5X){(L){L a(e){N b=3De.3Q("?",d=3D!;1f(N = c=3D0,f;f=3Db[c];c++)}if(f.1M!=3D=3D"!"){d.1k(f)}
M = d}U.1j.3l=3DL(c,d,b){c=3D$(c);if(1i.1a=3D=3D1){M c.aK(0)}M = V.4N(d)?a(c)[d]:U.1Y(c,d)[bl0]}})}(,1e{if
(1h.1X.84&&/j:1\8\8\0/1O(8= 2.83)}{U.1j.54=3DL(a,b){a=3D$(a);a.19.1W=3D(b=3D=3D1)?0;j8:(b=3D=3D=3D"x"=?":
(b<0.8N)?0:b;M = a}}1e{if(1h.1X.4j)}{U.1j.54=3DL(a,b){a=3D$(a);a.19.1W=3D(b=3D=3D1||b=3D=3D=3D"x"=?":(b<0.8N)?0:b;if
(b=3D=3D1){if(a.1M.25(0)=3D=3D"ec"&&a.1s){a.1s++:= a.1s--}1e{1S{N d=3D17.6e(" ");a.2p(d);a.5x(d)}1T(c)}}}M =
a};U.1j.48=3DL(b){N = a=3D0,c=3D0;do{a+=3Db.4v||0;c+=3Db.56||0;if(b.3A=3D=3D17.2x){if(U.1r(b,"1= z")=3D=3D"3z"){1B}}
b=3Db.3A}1K(b);M U.4w(c,a)}}}if("ed"= 17.3x){U.1j.1D=3DL(c,e){c=3D$(c);if(e&&e.44){e=3De.44(0)}if(V.5j(e)){c.28= aH
(e,c);M c}e=3DV.4K(e);N d=3Dc.28,b=3Dd.1M.25(0);if(U.6f.7e[b]){N = f=3Dc.dp(0);N = a=3DU.8C(b,e.3s(0));d.5x(c);if(f){a.1o(L(g)
{d.6o(g,f))}}1e{a.1o(L(g){d.2p(= g)}}}1e{c.ed=3De.3s(0).e.4l.1p(e).4O(0);M c}}U.4w=3DL(b,c){N = a=3D
[b,c];a.1F=3Db;a.1v=3Dc;M a};U.8C=3DL(c,b){N d=3D1b = U("2G"),a=3DU.6f.7e[c];if(a){d.2Q=3Da[0]+b+a[1];a[2].65(L(
{d=3Dd.2Z}})1e= {d.2Q=3Db}M = $(a(d.3B));U.6f=3D{a:L(a,b){a.28.6o(b,a)},1v:L(a,b){a.6o(b,a.2Z)},2C:L(a,= b){a.2p(b)},8D:L
(a,b){a.28.6o(b,a.6g)},7e: {j9:["<4s>","",1],8T:["<4s>><4Z>","",2],ee:["<4s><4Z><6d>","",3],b7:["<4s><= 4Z><6d><8B>","",4],ef:
["<1Y>","",1]};(L){N = a=3DU.6f.7e;V.Y(a,{eg:a.8T,eh:a.8T,ei:a.b7}})}(,U.1j.7r=3D{3O:L(a,c){c=3D= U.3N.b5[c]||c;N =
b=3D$(a).e5(c);M!(b&&e.j)};U.1j.4d=3D{;V.Y(U,U.1j);(L(a){if(!1h.3e.5X= &&a.5f){1n.6S=3D
{;1n.6S.1m=3Da.5f;1h.3e.5X=3D1d}a=3D1c)}(17.1P("2G"));U. = Y=3D(L){L c(g){if(2t.1n.U!=3D"2u"){N j=3D1n.U.1m;if(j){N =
l=3D"8c"+(26.ek()+"").2w(2);N h=3D17.1P(g);j||=3D"x";N = k=3D(h||!=3D=3D"x");8n j||;h=3D1c;M k}}M 18}L b(h,g){1f(N k
in g){N = j=3Dg[k];if(V.2h(j)&&!k in h){h[k]=3Dj.5l(0)}}N = d=3Dc("3q");if(1h.3e.86){if(d){M L(h){if(h&&2t h.7s=3D=3D"2u")
{N = g=3Dh.1M;if(g&&(/(?;3qjajb)$/i.1O(g))){b(h,U.1j);b(h,U.1j.7r);b(h,U.1j=.4d[g.25(0)]}}M h}}M 1h.K}N a=3D
{;e=3DU.1j.4d;N f=3DV.Y(L(j){if(!j||2t = j.7s!=3D"2u"}||j.2M!=3D1||j=3D=3D1n){M j}N = g=3DV.2j(a),h=3Dj.1M.25(0);if(e[h])
{V.Y(g,e[h])}b(j,g);j.7s=3D1h.2v;M = j},{8U:L(0){if(1h.3e.5X){V.Y(a,U.1j);V.Y(a,U.1j.7r)}}};f.8U(0);M = f(0);U.3O=3DL(a,b){if
(a.3O){M a.3O(b)};U.1j.7r.3O(a,b);U.5h=3DL(c){N = j=3D1h.3e,d=3DU.1j.4d;if(!c){V.Y(1G,1G.1j);V.Y(1G,U.1G.U.1j);V.Y
(U.1j.4d,= {j:c.V.2j(1G.1j);j:d.V.2j(1G.U.1j);ef:V.2j(1G.U.1j);el:V.2j(1G.U.1j)}}if(1= i.1a=3D=3D2){N = b=3Dc;c=3D1i[1]}if(!b)
{V.Y(U.1j,cl{}})1e{if(V.4M(b)){b.1o(g)}1e{g(b)}L = g(l){l=3D1.25(0);if(!U.1j.4d[l]){U.1j.4d[l]=3D{}}V.Y(U.1j.4d[l],c)}L = a
(n,m,l){l=3Dl||18;1f(N p in n){N o=3Dn[p];if(!V.2h(o)){3M}{if(!l||!(p in m)){m[p]=3Do.5l(0)}}}L e(o){N l;N = n=3D
{jE:"jf",eL:"jg",P:"jh",ji:"jj",eo:"jk",jl:"jm",jn:"jo",jp:"jq",jr:"6=
p",jt:"6p",ju:"6p",jv:"6p",jw:"6p",jx:"6p",Q:"jy",jz:"ep",jA:"ep",A:"jB",=
ec:"jC",jD:"jE",jF:"eq",jG:"eq",eg:"b8",eh:"b8",8T:"b8",ee:"jH",ei:"er",b= 7:"er",jI:"jJ",jK:"jL"};if(n[o]){l=3D"b9"+n[o]+"U"}if(1n
[l]){M = 1n[l]}l=3D"b9"+o+"U";if(1n[l]){M 1n[l]}l=3D"b9"+o.66(0)+"U";if(1n[l]){M = 1n[l]}N m=3D17.1P(o);N
p=3Dm.5flm.cH.1m;m=3D1c;M p}N = h=3D1n.6S?6S.1m:U.1m;if(j.5X){a(U.1j,h);a(U.1j.7r,h,1d)}if(j.86){1f(N k = in U.1j.4d){N
f=3De(k);if(V.2a(f){3M}{a(d[k],f.1m)}V.Y(U,U.1j);8n = U.4d;if(U.Y.8U){U.Y.8U(0)}U.8y=3D{;17.ba=3D{4t:L(0){M{1s:J.aP
(0),1y:J.aO(0)= };es:L(0){M = U.4w(1n.entl17.3x.4y||17.2x.4y,1n.entl17.3x.4y||17.2x.4x)}};(L(b){N = g=3D1h.1X,e=3D17.c.d=3D{;L a
(0){if(g.4j&&!e.2F){M = 17}if(g.5W&&1n.2R(1n.4i,jM(0)<9.5){M 17.2x}M 17.3x}L = f(h){if(!c){c=3Da(0)}d[h]=3D"jN"+h;b
["2e"+h]=3DL(0){M c[d[h]]};M = b["2e"+h](0)}b.aP=3Df.6V("jO");b.aO=3Df.6V("jP"))(17.ba);U.7t=3D{ev:1};U. = 5h(8V:L(b){if(!
(b=3D$(b))}{M N a;if(b=3D=3D=3D1n){a=3D0}1e{if(2t = b.7u=3D=3D=3D"2u"){b.7u=3D[U.7t.ev++]a=3Db.7u[0]}if(!U.7t[a]
){U.7t[a]=3D= $H(0)}M = U.7t[a]},jQ:L(b,a,c){if(!(b=3D$(b))){M}if(1i.1a=3D=3D=3D2){U.8V(b).1w(a)}= 1e{U.8V(b).3j(a,c)}M
b),8W:L(c,b,a){if(!(c=3D$(c))){M}N = e=3DU.8V(c),d=3De.2e(b);if(V.2a(d)){e.3j(b,a);d=3Da}M = d},2j:L(c,a){if(!(c=3D$(c))
){M}N e=3Dc.d(a);e.7u=3Dbb 0;if(a){N = d=3DU.1Y(e,""),b=3Dd.1a;1K(b--){d[b].7u=3Dbb 0}}M U.Y(e)};N = 1g=3D1A.1C
({1J:L(a){J.3R=3Da.2H(0);if(J.ew(0)){J.6q=3D"ey"}1e{if(J.ez(0)){J. = 6q=3D"2z";J.eA(0)}1e{J.6q=3D"e2";J.eB(0)}}},ez:(L){N a=3D(L
(0)N = e=3D18;if(17.2F&&1n.aF){N = d=3D17.1P("2G");d.2Q=3D"<5H>
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• <2G><5H>
• "N = c=3D" //*[6r-1x(0)=3D\5H\ 8X 6r-1x(0)=3D\eo\]**[6r-1x(0)=3D\li\ 8X = 6r-1x(0)=3D\bc\"];N = b=3D17.2F
(c,d.1c,aF.dE,1c);e=3D(b.dF!=3D=3D2);d=3D1c;M e)}(,M = L(0){if(1h.3e.85){M 18}N = b=3DJ.3R;if(1h.1X.4j&&(b.1I("2D-1u")
||b.1I("4o"))){M = 18}if((/\[\w-]*?:l:3P)/.1O(b))){M 18}if(a){M 18}M = 1d)}(,ew:L(0){if(!1h.3e.a0){M 18}if(1g.eC){M 18}if(!
1g.bd){1g.bd=3D1b = U("2G")}1S{1g.bd.a1(J.3R)}1T(a){M 18}M 1d},eB:L(0){N =
e=3DJ.3R.8Y=3D1g.7v,h=3D1g.2c,c=3D1g.72,le,p,m,5q=3D8Y.1a,1x;if(1g.5I[e]= {J.3S=3D1g.5I[e];M}J.3S=3D["J.3S =3D L(eD)
",N r=3D eD, h=3D 1g.2c, = c=3D 18, n;";1K(e&&le!=3De&&(A/S).1O(e))){le=3De;1f(N = i=3D0;i<5q;i++)}{p=3D8Y
[i].31;1x=3D8Y[i].1x;if(m=3De.1L(p)){J.3S.1k(V.2h(c= [1x])?c[1x](m):1b 2T(c[1x]).2F(m));e=3De.1D(m[0],""),1B}}J.3S.1k("M =
h.be(n);\n");6Y(J.3S.2i("\n"));1g.5I[J.3R]=3DJ.3S,eA:L(0){N = h=3DJ.3R,j=3D1g.7v,c=3D1g.2z,g,b,a=3Dj.1a,d;if(1g.5I[h]
){J.2z=3D1g.5I[h];= M}J.3S=3D1"//";1K(h&&g!=3Dh&&(A/S).1O(h))){g=3Dh;1f(N = f=3D0;f")};if
(1h.3e.a0&&17.jS=3D=3D=3D"jT")}{1= g.eC=3D(L(0){N = c=3D17.1P("2G"),a=3D17.1P("eE");c.id=3D"eF";a.1V=3D"jU";c.2p(a);N
= b=3D(c.a1("eF. 1O")!=3D=3D1c);c=3Da=3D1c;M = b(0)}V.Y(l,g,{5I: {;2z: {57:"/*",2I:"/*",5z:"/7w-58:.*[1]",7x:"/7w-
58:.*",1M:L(a){if(al=1=3D="*")}{M""}M["6r-1x(0)=3D"+a].1Q(0)+V 8X = 6r-1x(0)=3D"+a].1.25(0)+V"}1V}{15C(2m(V \,
@5y, \V), V # {1} = V)}",id:["@id=3D#\{1}\}],6s:L(a){a[1]=3Da[1].1Q(0);M 1b = 2T("@#\{1}").2F(a)},6t:L(a){a[1]=3Da[1].1Q(0);a
[3]=3Da[5]||a[6];M 1b = 2T(1g.2z.7y[a[2]]).2F(a)},7z:L(a){N = b=3D1g.2z.2q[a[1]];if(!b){M""}if(V.2h(b)){M b(a)}M 1b = 2T
(1g.2z.2q[a[1]]).2F(a)},7y:{"=3D":["@#\{1}=3D#\{3}\","!=3D":["@#\{1}!=3D=#\{3}\","\^=3D":["@#\{1},#\{3}
\]"],"=$=3D":["@#\{1}, = (8f-1a(@#\{1}) - 8f-1a(\#\{3}\V) + 1)=3D#\{3}\"],"*=3D":["@#\{1}, = \#\{3}\]","\-3D":["@#\{1}, = \#\{3}\]"]
```

V, @#{1, V V), V #{3 = V)"],"|=3D": "[5C(2m(V-V, @#{1, V-V), =V-#{3-V})"]",2q:{"3f-2I": "[4z(bh-58::*)]" , "2I-2I": "[4z(7w-58::*)]" , "7A- = 2I": "[4z(bh-58::* 8X 7w-58::*)]" ,4o: "[90(*)=3D 0 7B (90(4r())=3D = 0)]" ,3P: "[@3P]" ,2P: "[(@2P) 7B (@1u!=3D V5E'V)]" ,eG: "[4z(@2P) 7B = (@1u!=3D V5E'V)]" ,4z: L(f){N = j=3Df[6],c=3D1g.7v,k=3D1g.2z,a,l,h=3Dc.1a,b;N = d=3D[]:1K (j&&a!=3Dj&&(A/S/).1O(j))}{a=3Dj;1f(N = g=3D0;g=3D 0)"};M 1b = 2T(d).2F({bi:g,a:f,b:c})}};72: {1M:Vn=3D h.1M(n, r, "# {1}" , c); = c=3D 18;V,1V:Vn=3D h.1V(n, r, "#{1}" , c); c=3D 18;v;id:Vn=3D = h.id(n, r, "#{1}" , c); c=3D 18;v;6s:Vn=3D h.6s(n, r, "#{1}" , c); c=3D 18;v;6t:L(a){a[3]=3D(a[5]||a[6]);M 1b 2T(Vn=3D = h.6t(n, r, "#{1}" , "#{3}" , "#{2}" , c); c=3D = 18;v).2F (a),7z:L(a){if(a[6]){a[6]=3Da[6].1D(/"g,\V\W)V"}M 1b = 2T(Vn=3D h.7z(n, "#{1}" , "#{6}" , r, c); c=3D 18;v).2F(a),57:Vc=3D = "57";v,2I:Vc=3D "2I";v,5z:Vc=3D "5z";v,7x:Vc=3D = "7x";v;7v:{{1x:"7x",31:/\s*~\s*/},{1x:"2I",31:/\s*>\s*/}, {1x:"5z" = ,31:/\s*\+|\s*/},{1x:"57",31:/\s*/},{1x:"1M",31:/\s*(*|[\w\W-]+)= (\Wb\$)?/},{1x:"id",31:/^#([\w\W-*]+)(\Wb\$)/}, {1x:"1V",31:/^\.([\w\W= \-]*+)(\Wb\$)/},{1x:"7z",31:/^:(3f12|23|23-2|7A)-(2|1-2D-1u)|4o|3P(= enjXj)Y14z)(\((.*?)\W)?(\Wb\$)(? =3D\W[!+->)]/},{1x:"6s",31:/^\((? = :[\w\W-]+)?[\w\W-+]\W)/},{1x:"6t",31:/^\((?:[\w\W-]*)?[\w\W-+]\W)*?(?! = ^\$*~|? =3D)\W*(([\W]) ([\W\?])\W)([\W])?(\W\?)*\W)/},bf: {1M:L(a= ,b){M b[1].25()=3D=3Da.1M.25(),1V:L(a,b){M U.7i(a,b[1])},id:L(a,b){M = a.id=3D=3D=3Db[1]},6s:L(a,b){M U.3O(a,b[1])},6t:L(b,c){N = a=3DU.5A(b,c[1]);M a&&1g.7y|c[2]||a[c]5|lc[6]}};2c: {2m:L(d,c) {1f(N = e=3D0,f;f=3Dc[e];e++)}{d.1k(f)}M d},91:L(a){N d=3D1h.2v;1f(N = b=3D0,c;c=3Da[b];b++)}{c.3C=3Dd}{M a},6u: (L() {N a=3D(L() {N = b=3D17.1P("2G"),e=3D18,d=3D"3C",c=3D"x";b[d]=3Dc;e=3D(b.5B(d)=3D=3D=3Dc);= b=3D1c;M e})();M a?L(b) {1f(N c=3D0,d;d=3Db[c];c++)}{d.aN("3C")}M = b}:L(b){1f(N c=3D0,d;d=3Db[c];c++)}{d.3C=3Dbb 0}{M = b}});2k:L(a,d,g) {a.3C=3D1h.2v;if(d){1f(N = b=3Da.3B,e=3Db.1a-1,c=3D1;e>=3D0;e--){N = f=3Db[e];if(f.2M=3D=3D1&&(!glf.3C)) {f.92=3Dc++}}}{e {1f(N = e=3D0,c=3D1,b=3Da.3B;f=3Db[e];e++)}{if(f.2M=3D=3D1&&(!glf.3C))}{f.92=3Dc++} %}};be:L(b){if (b.1a=3D=3D0){M b;N d=3D[];e;1f(N = c=3D0,a=3Db.1a;c0?c[]:[])}M = \$R(1,e).2U([],L(a,b){if(0=3D=3D(b+c) %d&&(b- c)/d>=3D0){a.1k(b)}M = a)}};23:L(c,s,u,r,e){if(c.1a=3D=3D0){M[]}{if(s=3D=3D"eH")}{s=3D"2n+0"}{if(s=3D= =3D"eI") {s=3D"2n+1"}N q=3D1g.2c,p=3D[],d=3D[],g;q.91(c);1f(N = o=3D0,f;f=3Dc[o];o++)}{if(!f.28.3C){q.2k(f.28,r,e);d.1k(f.28)}}{if(s.1L (/^\= \d+\$/))}{s=3D5i(s);1f(N = o=3D0,f;f=3Dc[o];o++)}{if(f.92=3D=3Ds){p.1k(f)}}}{e {if(g=3Ds.1L(/^\= \d+\$/)= ?n(([-+])\d+)?/))}{if (g[1]=3D=3D"-")}{g[1]=3D-1}N v=3Dg[1]?5i(g[1]):1;N = t=3Dg[2]?5i(g[2]):0;N w=3D1g.2q.eL(v,t,c.1a);1f(N = o=3D0,f,k=3Dw.1a;f=3Dc[o];o++)}{1f(N = n=3D0;n+()\s-+|\s*\W.*\W)+\s*(,|\$/).L(c){a.1k(c[= 1].2H());}M a},eM:L(f,g){N e=3D\$(g),d=3D1g.2c;d.91(e);1f(N = c=3D0,b=3D[];a;a=3Df[c];c++)}{if(a.3C){b.1k(a)}d.6u(e);M = b},51:L(b,c,a){if(V.4N(c)) {a=3Dc;c=3D18}{M = 1g.eM(b,c,"*")}{all0},8F:L(e,g){g=3D1g.3h(g.2i(""));N = d=3D[],f=3D1g.2c;1f(N c=3D0,b=3Dg.1a,a;c1)?f.be (d):d};if(1h.1X.3d){V.Y(1g.2c;= {2m:L(d,c){1f(N e=3D0,f;f=3Dc[e];e++)}{if(f.1M!=3D=3D"1")}{d.1k(f)}M = d}}}{L \$(M 1g.8F(17,\$A(1i))N 1G=3D{bj:L(a){a=3D\$(a);a.bj();M = a},eN:L(g,b){if(2t = b!=3D"3q")}{b=3D{93:!!b}}}{e{if(V.2a(b.93)) {b.93=3D1d}}N = c,f,a=3D18,e=3Db.94;N = d=3Dg.2U({L(h,g){if(!j.2P&&j.1x){c=3Dj.1x;f=3D\$(j).32();if(f!=3D1c&&j.1 = u! =3D"jZ"&&(j.1u!=3D"94"||(!a&&e!=3D=3D18&&(!ellc=3D(3D)e&&(a=3D1d))))}{if= (c in h){if(f.1V.4M(h[c]))}{h[c]=3D[h[c]]h [c].1k(f)}e{h[c]=3Df}}}{M h});M = b.93?d:V.4J(d)};1G.1j=3D{6v:L(b,a){M 1G.eN(1G.6w(b),a)},6w:L(e){N = f=3D\$(e).3Q ("*"),d,a=3D[],c=3D1G.U.6x;1f(N b=3D0;d=3Df[b];b++)}{a.1k(d)}M = a.2U([],L(g,h){if(c[h.1M.1Q0])}{g.1k(U.Y(h))M = g}};k0:L (g,c,d){g=3D\$(g);N a=3Dg.3Q("4X");if(!c&&!d){M = \$A(a).2b(U.Y)}1f(N e=3D0,h=3D[],f=3Da.1a;e=3D0).d3(L(d){M d.8S}).3f ();M = a?a:c.ah(L(d){M/^(?4X|1Y|7C)\$/i.1O(d.1M)}),k1:L(a){a=3D\$(a);a.eO().6y(= ;M a},43:L(b,a){b=3D\$(b),a=3DV.2j(all{});N = d=3Da.2o,c=3Db.5A("e7")||"";if(c.4n())}{c=3D1n.8u.b6}{a.2o=3Db.6v(1d);if(d)= {if(V.2d(d))}{d=3Dd.5o()}{V.Y(a.2o,d)}if(b.3O ("1R")&&!a.1R){a.1R=3Db.1R}{M = 1b 1q.3v(c,a)};1G.U=3D{6z:L(a){\$(a).6z();M a},1Y:L(a){\$(a).1Y();M = a}};1G.U.1j=3D {6v:L(a){a=3D\$(a);if(!a.2P&&a.1x){N = b=3Da.32();if(b!=3D2u){N c=3D[];c[a.1x]=3Db;M = V.4J(c)}M ""},32:L(a){a=3D\$(a);N b=3Da.1M.1Q0;M = 1G.U.6x[b](a)},k2:L(a,b){a=3D\$(a);N c=3Da.1M.1Q0;1G.U.6x[c](a,b);M = a},d5:L(a){a.1l=3D"";M a},k3:L(a){M = \$(a).1l=3D""},6y:L(a){a=3D\$(a);1S{a.6z();if(a.1Y&&(a.1M.1Q0)!=3D"4X"||!(= /(?5J|b|94)\$/i.1O(a.1u))}{a.1Y ()}1T(b){M = a},bk:L(a){a=3D\$(a);a.2P=3D1d;M a},bl:L(a){a=3D\$(a);a.2P=3D18;M a}};N = 95=3D1G.U;N = \$F=3D1G.U.1j.32;1G.U.6x=3D{4X:L(a,b){3G(a.1u.1Q0)}{1t"eP":1t"bm":M = 1G.U.6x.eQ(a,b);6l:M 1G.U.6x.7C(a,b)};eQ:L(a,b){if (V.2a(b)){M = a.3P?a.1l:1c}e{a.3P=3D!!b}};7C:L(a,b){if(V.2a(b)){M = a.1l}e{a.1l=3Db}};1Y:L(c,f){if(V.2a(f)){M = J [c.1u=3D=3D"1Y-k4"?eR":eS"]}(c)}e{N b,d,g=3D!V.4M(f);1f(N = a=3D0,e=3Dc.1a;a=3D0?J.96(b.O[a]);1c},eS:L(d){N a,e=3Dd.1a;if(!e){M 1c}1f(N = c=3D0,a=3D[];c=3DJ.2O[1]&&c=3DJ.2O[0]&&a=3D= J.2O[1]&&J.7H=3DJ.2O[0]&&J.7G=3DJ.5a) {if(a>=3DJ.5b=)}{J.4e(1.0);J.4C();J.5k(\fAV);if(J.5P)J.5P();J.5k(\fBV);M }N = b=3D(a-J.5a)/J.fx,bN=3D(b*b^J.fy).3u();if(bN>J.bM) {J.4e(b);J.bM=3DbN}}};4C: = L() {if(!J.O.3b)14.9k.2e(V.2d(J.O.3V)\?9iV:J.O.3V.bl).6c(J);J.6F=3DV\j= ',5k:L(a){if(J.O[+^9\W] J.O[+^9\W](J);if(J.O[a])J.O[a](J)},29:L() {= N a=3D\$(H);1f(9n in = J)if(!V.2h(J[9n]))a.3j(9n,J[9n]);M\#<14:V+a.29()+V.O:V+SH (J.O).29()+= >V}};14.6H=3D1A.1C(14.2N,{1J:L(a){J.21=3Dall[];J.2W(1i[1])},1w:L(a){J.= 21.8k(\4eV,a)},5P:L(b){J.21.1o(L(a) {a.4e(1.0);a.4C();a.5k(\fAV);if(a.= 5P)a.5P(b);a.5k(\fBV)}});14.fC=3D1A.1C(14.2N,{1J:L(b,c,d){b=3DV.2d(b)= ?\$(b);b;N = e=3D\$(a.1i),1R=3De.2l(),O=3De.1a=3D=3D5?e[3]:1c;J.1R=3DV.2h(1R)?1R.1p(b):V = .2h(b[1R])?b[1R].1p(b):L(a){b[1R] =3Da};J.2W(V.Y({2V:c.3o:d},Oll{})),1w:L(= (a){J.1R(a)});14.1H=3D1A.1C(14.2N,{1J:L()J.2W(V.Y({2r:0},1i[0]||{})),1 = w:1h.2v});14.5c=3D1A.1C(14.2N,{1J:L(a){J.W=3D\$(a);if(!J.W)2L(14.6B);if(1h= .1X.3d&&(!J.W.6n.b3))J.W.1E({6m:1});N = b=3DV.Y({2V:J.W.7l()||0.0,3o:1.0},1i[1]||{});J.2W(b)},1w:L(a){J.W.54(a)}=);14.3D=3D1A.1C(14.2N,{1J:L(a){J.W=3D\$(a);if(! J.W)2L(14.6B);N = b=3DV.Y({x:0,y:0,6q:\5FV}),1i[1]||{});J.2W(b)},6G:L()J.W.49();J.7K=3D2R= (J.W.1r(\1F)\|0V);J.7L=3D2R (J.W.1r(\1v)\|0V);if(J.O.6q=3D=3D= '3z\')(J.O.x=3DJ.O.x-J.7K;J.O.y=3DJ.O.y-J.7L)},1w:L(a){J.W.1E({1F:(J.O.x*= a+J.7K).3u() +\1Z',1v:(J.O.y*+J.7L).3u()+\1Z'})}});14.lk=3DL(a,b,c){M= 1b = 14.3D(a,V.Y({x:c,y:b},1i[3]||{}));14.3E=3D1A.1C(14.2N, {1J:L(a,b){J.W=3D\$(a);if(!J.W)2L(14.6B);N = c=3DV.Y({4f:1d,7M:1d,4g:1d,9o:18.4h:\bOV,5Q:3m.0,fD:b},1i[2]||{});J.2W(= c)},6G:L()J.3F=3DJ.O.3F||18;J.fE=3DJ.W.1r(\1zV);J.bP=3D{};[\1v\,V1F= V,V1s\,V1y\,V5M\].1o(L(k){J.bP[k]=3DJ.W.19[k]}.1p (J));J.7L=3DJ.W.4= v;J.7K=3DJ.W.56;N = b=3DJ.W.1r(\1l-5s)\|3m%V;[Vem\,V1Z\,V%V,\fFV].1o(L(a){if(b.= 2E(a)>0) {J.5m=3D2R(b);J.fG=3Da}}.1p(J));J.fH=3D(J.O.fD-J.O.5Q)/3m;J.3W=3D= 1c;if(J.O.4h=3D=3D\bOV)J.3W=3D[J.W.55.J.W.5D];if (/^lm/.1O(J.O.4h))J.3W=3D= [J.W.ln.J.W.lo];if(!J.3W)J.3W=3D[J.O.4h.7D= J.O.4h.7O]};1w:L(a){N = b=3D(J.O.5Q/3m.0)+ (J.fH*a);if(J.O.4g&&J.5M)J.W.1E({5M:J.5M*b+J.fG});J.fI= J.3J[0]*b,J.3W[1]*b};5P:L(a){if(J.3F)J.W.1E(J.bP)};fI:L(a,b){N = d=3D{};if(J.O.4f)d.1s=3Db.3u()+\1Z';if(J.O.7M)d.1y=3Da.3u()+\1Z';if(J = .O.9o){N c=3D(a-J.3W[0])/2;N = e=3D(b-J.3W[1])/2;if (J.fE=3D=3D\3z\'){if(J.O.7M)d.1v=3DJ.7L-c+\1Z';if(= J.O.4f)d.1F=3DJ.7K-e+\1Z'}e{if(J.O.7M)d.1v=3D-c+\1Z';if(J.O.4f) d.1F=3D= -e+\1Z'}J.W.1E(d)};14.9p=3D1A.1C(14.2N,{1J:L(a){J.W=3D\$(a);if(!J.W)2= L(14.6B);N = b=3DV.Y({9q:\#fjV}),li

[1]|||{};J.2W(b);.6G:L(O){if(J.W.1r(\2X\)=3D=3D\= 3y\){J.4C():M}J.bQ=3D{};if(!J.O.bR){J.bQ.fK=3DJ.W.1r(\9r-lp\);J.W.1E(={fk:\3y\})}if(!J.O.9s)J.O.9s=3DJ.W.1r(\9r-4D\).59(\#bS\);if(!J.O.9t)= J.O.9t=3DJ.W.1r(\9r-4D\);J.bT=3D\$(R(0,2).2b(L(i){M = 6k(J.O.9q.2w(i*2+1,i*2+3),16)}.1p(J));J.fL=3D\$(R(0,2).2b(L(i){M = 6k(J.O.9s.2w(i*2+1,i*2+3),16)-J.bT[i]}.1p(J)})),1w:L(a){J.W.1E({6L:\$R(0,2)= .2U(\#\L(m,v,i){M = m+(J.bT[i]+(J.fL[i]*a)).3u(.68())}.1p(J)})),5P:L(O){J.W.1E(V.Y(J.bQ,{6I= :J.O.9t}))}});14.lq=3DL(a){N = b=3D1i[1]|||{};bU=3D17.ba.es();bV=3D\$(a).48();if(b.2O)bV[1]+=3Db.2O;M 1b = 14.fc(1c,bU.1v,bV[1],b,L(p){aQ(bU.1F,p.3u())});14.bH=3DL(b){b=3D\$(b);N = c=3Db.4B();N = d=3DV.Y({2V:b.7l()||1.0,3o:0.0,24:L(a){if(a.O.3o!=3D0)M;a.W.22().1E({1W:c= })};1i[1]|||{});M 1b 14.5c(b,d);14.9h=3DL(b){b=3D\$(b);N = c=3DV.Y({2V:(b.1r(\2X\)=3D=3D\3y\?0.0:b.7l()||0.0,3o:1.0,24:L(a){a.W.54(a.O.2V).2Y()});1i[1]|||{});M 1b = 14.5c(b,c)});14.lr=3DL(b){b=3D\$(b);N = c=3D{1W:b.4B(),1z:b.1r(\1z\),1v:b.19.1v,1F:b.19.1F,1s:b.19.1s,1y:b.19.1y= y};M 1b 14.6H([1b 14.3E(b,dr,{3b:1d,9o:1d,4g:1d,3f:1d}),1b = 14.5c(b,{3b:1d,3o:0.0}),V.Y({2r:1.0,ls:L(a){6A.8P(a.21[0].W)}),24:L(a){a. = 21[0].W.22().1E(c)}),1i[1]|||{}));14.ft=3DL(b){b=3D\$(b);b.4b():M 1b = 14.3E(b,0,V.Y({4g:18.4f:18.3F:1d.24:L(a){a.W.22().4c()});1i[1]|||{}));14.=fs=3DL(b){b=3D\$(b);N c=3Db.4t():M 1b = 14.3E(b,3m,V.Y({4g:18.4f:18.5Q:0.4h:{7N:c.1y,7O:c.1s},3F:1d,9m:L(a){a.W.4= b().1E({1y:\bW\}).2Y()}),24:L(a){a.W.4c()});1i[1]|||{}));14.lu=3DL(c){c=3D= \$(c);N d=3Dc.4B();M 1b 14.9h(c,V.Y({2r:0.4,2V:0.2S:14.3U.fl,24:L(b){1b = 14.3E(b,W,1,{2r:0.3,9o:1d,4f:18.4g:18.3F:1d,5O:L(a){a.W.49().4b()},24:L(a={a.W.22().4c().4a().1E({1W:d}))}})),1i[1]|||{}));14.lv=3DL(b){b=3D\$(b);N= c=3D{1v:b.1r(\1v\),1F:b.1r(\1F\),1W:b.4B());M 1b 14.6H([1b = 14.3D(b,{x:0,y:3m,3b:1d}),1b = 14.5c(b,{3b:1d,3o:0.0}),V.Y({2r:0.5,5O:L(a){a.21[0].W.49()}),24:L(a){a.21= [0].W.22().4a().1E(c)}),1i[1]|||{}));14.lw=3DL(g){g=3D\$(g);N = h=3DV.Y({fM:20,2r:0.5},1i[1]|||{});N i=3D2R(h.fM);N j=3D2R(h.2r)/10.0;N = k=3D{1v:g.1r(\1v\),1F:g.1r(\1F\);M 1b = 14.3D(g,{x:i,y:0,2r:j,24:L(f){1b 14.3D(f,W,{x:-i*2,y:0,2r:j*2,24:L(e){1b = 14.3D(e,W,{x:i*2,y:0,2r:j*2,24:L(b){1b = 14.3D(b,W,{x:-i,y:0,2r:j,24:L(a){a.W.4a().1E(k)}))}}))}}));14.fq=3D= L(b){b=3D\$(b).7j():N c=3Db.3l().1r(\2C\);N d=3Db.4t():M 1b = 14.3E(b,3m,V.Y({4g:18.4f:18.5Q:1n.4i?0:1,4h:{7N:d.1y,7O:d.1s},3F:1d,9m:L(= a){a.W.49();a.W.3l().49();if(1n.4i)a.W.1E({1v:\V\};a.W.4b().1E({1y:\bW= \}).2Y()}),fN:L(a){a.W.3l().1E({2C:(a.3W[0]-a.W.8O)+\1Z\}),24:L(a){a.W. = .4c().4a();a.W.3l().4a().1E({2C:c})});1i[1]|||{}));14.fr=3DL(b){b=3D\$(b). = 7j():N c=3Db.3l().1r(\2C\);N d=3Db.4t():M 1b = 14.3E(b,1n.4i?0:1,V.Y({4g:18.4f:18.4h:\bOV,5Q:3m,4h:{7N:d.1y,7O:d.1s},3= F:1d,9m:L(a){a.W.49();a.W.3l().49();if(1n.4i)a.W.1E({1v:\V\};a.W.4b().2= Y()}),fN:L(a){a.W.3l().1E({2C:(a.3W[0]-a.W.8O)+\1Z\}),24:L(a){a.W.22(). = 4c().4a();a.W.3l().4a().1E({2C:c})});1i[1]|||{}));14.lx=3DL(b){M 1b = 14.3E(b,1n.4i?1:0,{3F:1d,5O:L(a){a.W.4b()},24:L(a){a.W.22().4c()});14.ly=3DL(c){c=3D\$(c);N = d=3DV.Y({9u:\9v\,9w:14.3U.6C,9x:14.3U.6C,9y:14.3U.fm},1i[1]|||{});N = e=3D{1v:c.19.1v,1F:c.19.1F,1y:c.19.1y,1s:c.19.1s,1W:c.4B());N = f=3Dc.4t():N g,5R;N = h,3c:3G(d.9u){1t\1v-1F\;g=3D5R=3Dh=3D3c=3D0;1B;1t\1v-4u\;g=3Df.1s;5R=3D= 3c=3D0;h=3D-f.1s;1B;1t\2C-1F\;g=3Dh=3D0;5R=3Df.1y;3c=3D-f.1y;1B;1t\2C= 4u\;g=3Df.1s;5R=3Df.1y;h=3D-f.1s;3c=3D-f.1y;1B;1t\9v\;g=3Df.1s/2;5R=3D= f.1y/2;h=3D-f.1s/2;3c=3D-f.1y/2;1B}M 1b = 14.3D(c,{x:g,y:5R,2r:0.cK,5O:L(a){a.W.22().4b().49()}),24:L(b){1b = 14.6H([1b 14.5c(b,W,{3b:1d,3o:1.0,2V:0.0,2S:d.9y}),1b = 14.3D(b,W,{x:h,y:3c,3b:1d,2S:d.9w}),1b = 14.3E(b,W,3m,{4h:{7N:f.1y,7O:f.1s},3b:1d,5Q:1n.4i?1:0,2S:d.9x,3F:1d}),V. = Y({5O:L(a){a.21[0].W.1E({1y:\bW\}).2Y()}),24:L(a){a.21[0].W.4c().4a().1E(= (e)}),d)}));14.lz=3DL(b){b=3D\$(b);N = c=3DV.Y({9u:\9v\,9w:14.3U.6C,9x:14.3U.6C,9y:14.3U.3y},1i[1]|||{});N = d=3D{1v:b.19.1v,1F:b.19.1F,1y:b.19.1y,1s:b.19.1s,1W:b.4B());N = e=3Db.4t():N = f,3c:3G(c.9u){1t\1v-1F\;f=3D3c=3D0;1B;1t\1v-4u\;f=3De.1s;3c=3D0;1B;1t= \2C-1F\;f=3D0;3c=3De.1y;1B;1t\2C-4u\;f=3De.1s/2;3c=3De.1y/2;1B}M 1b 14.6H([1b = 14.5c(b,{3b:1d,3o:0.0,2V:1.0,2S:c.9y}),1b = 14.3E(b,1n.4i?1:0,{3b:1d,2S:c.9x,3F:1d}),1b = 14.3D(b,{x:f,y:3c,3b:1d,2S:c.9w}),V.Y({1A:L(a){a.21[0].W.49().4b()},24:L(= (a){a.21[0].W.22().4c().4a().1E(d)}),c)});14.IB=3DL(b){b=3D\$(b);N = c=3D1i[1]|||{};fO=3Db.4B(),2S=3Dc.2S||14.3U.bF,fP=3DL(a){M = 1-2S((-26.6D((a*c.IC||5)*2)*26.6E)/2+.5)};M 1b = 14.5c(b,V.Y(3D{1v:c.19.1v,1F:c.19.1F,1s:c.19.1s,1y:c.19.1y},c.4b());M 1b = 14.3E(c,5,V.Y({4g:18.4f:18.24:L(b){1b = 14.3E(c,l,{4g:18.7M:18.24:L(a){a.W.22().4c().1E(d)}))},1i[1]|||{}));14.b= X=3D1A.1C(14.2N,{1J:L(c){J.W=3D\$(c);if(!J.W)2L(14.6B);N = d=3DV.Y({19:{},1i[1]|||{});if(!V.2d(d.19))J.19=3D\$(H(d.19);1e{if(d.19.1I(\= :\V))J.19=3Dd.19.fQ();1e{J.W.47(d.19);J.19=3D\$(H(J.W.7P));J.W.53(d.19);N= e=3DJ.W.7P());J.19=3DJ.19.8l(L(a){M = a.1l=3D=3De[a.3i]};d.24=3DL(b){b.W.47(b.O.19);b.9z.1o(L(a){b.W.19[a.19]=3D= \V})}})J.2W(d);.6G:L(O){L 59(a){if(!all[\1E(0, 0, 0 = 0),\FR\].1l(a))a=3D\#bS\;a=3Da.59();M \$(R(0,2).2b(L(i){M = 6k(a.2w(i*2+1,i*2+3),16)}))J.9z=3DJ.19.2b(L(a){N = b=3Da[0],1l=3Da[1],3X=3D1c;if(11.59(\#fS\)! =3D\#fS\){1l=3D1l.59();3X=3D= \4DV\}1e = if(b=3D=3DV\1W\){1l=3D2R(1l);if(1h.1X.3d&&!(J.W.6n.b3))J.W.1E({6m:1})}1e = if(U.ft.1O(1l){N = c=3D1l.1L(/(\w+\w-?)[0-9\w+)(.*)\$/);1l=3D2R(c[1]);3X=3D(c.1a=3D=3D3)?= c[2]:1c}N = d=3DJ.W.1r(b);M {19:b.5p(),3Y:3X=3D=3D\4DV\?59(d);2R(d||0),5S:3X=3D=3D\4= DV\?59(1l);1l,3X:3X}.1p(J)).8l(L(a){M((a.3Y=3D=3Da.5S)|| (a.3X!=3D\4DV\&= &(aj(a.3Y)||aj(a.5S))))},1w:L(a){N = b=3D{}},2j,i=3DJ.9z.1a;1K(i--b[(2J=3DJ.9z[i]).19] =3D2J.3X=3D=3D\4DV\?#bS\+V+(26.3u(2J.3Y[0]+(2J.5S[0]-2J.3Y[0])*a)).68()+26.3u(2J.3Y[1]+(2J.5S[1]= -2J.3Y[1])*a)).68()+ (26.3u(2J.3Y[2]+(2J.5S[2]-2J.3Y[2])*a)).68():2J.3Y+(= 2J.5S-2J.3Y)*a).1F(3)+(2J.3X=3D=3D=3D1c?\V:2J.3X);J.W.1E(b,1d)});14.lG= 3D1A.1C({1J:L(a){J.bY=3D[];J.O=3D1i[1]|||{};J.fU(a),fU:L(c){c.1o(L(a){a=3D= \$(H(a);N = b=3Da.3H().3f());J.bY.1k(\$H({fV:a.5Z).3f(),7l:14.bX,O:{19:b}})).1p(J));M = J},1H:L(O){M 1b 14.6H(J.bY.2b(L(a){N = b=3Da.2e(\fV\),7l=3Da.2e(\7l\),O=3Da.2e(\O\);N = c=3D\$(b)||\$(b)).4V());M c.2b(L(e){M 1b = 7l(e,V.Y({3b:1d,O}))}).4V(),J.O)});U.9A=3D\$(w\6l II II IK V+\IL IM = IN IO V+\IP IQ IR IS V+\IT IU IV 2C IW 4D V+\5M IX 1y 1F 1Y IZ = V+\m0 m1 m2 m3 m4 m5 V+\m6 m7 m8 1W m9 ma V+\mb mc md me mf = V+\4u mg 1v 1s mh = bZ\);U.ft=3D/^(/(\w+\w-?)[0-9\w+)(emlex|Z|linclmllmllf|fmi|\%))0\$/;1U= .c0=3D17.1P(\2GV);1U.1m.fQ=3DL(O){N b,9B=3D\$(H);if(1h.1X.4j)b=3D1b = U(\2GV,{19:J}).19;1e{1U.c0.2Q=3DV<2G = 19=3D\+J+\>\;b=3D1U.c0.3B[0].19}U.9A.1o(L(a){if(b[a])9B.3j(a,b[= a])};if(1h.1X.3d&&J.II(\1W\))9B.3j(\1W\,J.I.L(/1W:\\$*(?:0l)?(?:\= \d*)?)/[1]);M 9B};if(17.8M&&17.8M.aS){U.7P=3DL(c){N = d=3D17.8M.aS\$(c),1c;M U.9A.2U({},L(a,b){a[b] = 3Dd[b];M = a})};1e{U.7P=3DL(c){c=3D\$(c);N = d=3Dc.6n.7Q;7Q=3DV.U.9A.2U({},L(a,b){a[b]=3Dd[b];M = a});if(17Q.1W)7Q.1W=3Dc.7l(O){M 7Q}}14.lj=3D{mj:L(a,b){a=3DS(a);1b = 14.bX(a,V.Y({19:b},1i[2]|||{}));M a},mk:L(a,b,c){a=3D\$(a);N = s=3Db.8d().5p(),fW=3Ds.4R(0).25()+s.4m(1);1b 14[fW](a,c);M = a},ml:L(a,b){a=3D\$(a);1b 14.9p(a,b);M a}};\$w(\mn bG mo mp mq mr ms mt = mu V+\mv mw mx my mz = mAV).1o(L(c){14.lj[c]=3DL(a,b){a=3DS(a);14[c.4R(0).25()+c.4m(1)](a,b);M = a}};\$w(\4B bE fk 9f 9g = 7PV).1o(L(f){14.lj[f]=3DU[f]);U.5h(14.lj);if(2t = 14=3D=3D\2u\}2L("mB.js mC mD 6T.mE.mF\ 21.js mG");N

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= 5T=3D{};5T.2N=3D1A.1C({c1:L(c,d,e)
{c=3D$(c);J.W=3Dc;J.1w=3D$(d);J.6J=3D18= ;J.7R=3D18;J.5d=3D18;J.2k=3D0;J.4E=3D0;J.7S=3DJ.W.11;if(J.c2)J.c2(e);1e =
J.O=3Dell{};J.O.6K=3DJ.O.6KllJ.W.1x;J.O.3n=3DJ.O.3nll[];J.O.4Q=3DJ.O.4Qll= 0.4;J.O.c3=3DJ.O.c3ll1;J.O.c4=3DJ.O.c4llL(a,b){if
(!b.19.1zllb.19.1z=3D=3D= \3z\){b.19.1z=3D\3z\;6A.2j(a,b,{b1:18.4v;a.55})}14.9h(b,{2r:0.15});J=.O.c5=3DJ.O.c5llL(a,b){1b =
14.bH(b,{2r:0.15});if(2t(J.O.3n)=3D=3D\8f\)J.O.3n=3D1b = 4k(J.O.3n);if(!J.O.3n.1l(\n\))J.O.3n.1k(\n\);J.9C=3D1c;J.W.4Y
(\m= H\,\ml\);U.22(J.1w);1H.3a(J.W.\mJ\,J.fX.63(J));1H.3a(J.W.\fY\,J.fZ=.63(J));2Y:L() {if(U.1r(J.1w,\2X\)=3D=3D\3y\)}
J.O.c4(J.W,J.1w);if(!J.5= e&&(1h.1X.3d)&&(U.1r(J.1w,\1z\)=3D=3D\3z\)) {1b fc.bb(J.1w,\);J.5e=3D$(J.1w.id+\g1\)}if(J.5e)62
(J.g2.1p(J.50));g2= :L() {6A.2j(J.1w,J.5e,{b0:(J.1w.19.1y)});J.5e.19.bZ=3D1;J.1w.19.bZ=3D2;U= 2Y(J.5e)};22:L() {J.c6c};if(U.1r
(J.1w,\2X\)=3D\3y\)}J.O.c5(J.W,J.1w);i= f(J.5e)U.22(J.5e);g3:L() {if(J.O.9D)U.2Y(J.O.9D)};c6:L() {if(J.O.9D)U.22
(J=.O.9D)};fZ:L(a) {if(J.5d)3G(a.6L){1t 1H.bp:1t 1H.98;J.9E();1H.3L(a);1t = 1H.bq:J.22();J.5d=3D18;1H.3L(a);M;1t 1H.eV:1t
1H.eX:M;1t = 1H.eW:J.g4();J.4e();1H.3L(a);M;1t 1H.eY:J.g5();J.4e();1H.3L(a);M} 1e = if(a.6L=3D=3D1H.bp1a.6L=3D=3D1H.98ll
(1h.1X.4j>0&&a.6L=3D=3D0))M;J.7R=3D1= d;J.6J=3D1d;if(J.9C)8x(J.9C);J.9C=3D62(J.g6.1p(J),J.O.4Q*61)}.6y:L() {J.7R=
=3D18;J.6J=3D1d;J.9F();g7:L(a) {N = b=3D1H.51(a,\bc\);if(J.2k!=3Db.9G){J.2k=3Db.9G;J.4e()} 1H.3L(a);g8:L(a) = {N =
b=3D1H.51(a,\bc\);J.2k=3Db.9G;J.9E();J.22();fX:L(a) {62(J.22.1p(J),mP);= J.6J=3D18;J.5d=3D18};4e:L() {if(J.4E>0) {1f(N =
i=3D0;i0)J.2k--;1e = J.2k=3DJ.4E-1;J.5U(J.2k).g9(1d);g5:L() {if(J.2k0)b=3DU.9f(c[0],J.O.1Y)} 1e = b=3DU.9g(a,\mQ\);N d=3DJ.9I
();if(d[0]!=3D-1){N e=3DJ.W.11.4F(0,d[0]);N = f=3DJ.W.11.4F(d[0]).1L(/^\s+);if(f)e+=3Df[0];J.W.11=3De+b+J.W.11.4F(d[1= ])} 1e
{J.W.11=3Db};J.7S=3DJ.W.11;J.W.6z();if(J.O.gb)J.O.gb(J.W,a)};c7:L(a) {= if(!J.7R&&J.6J){J.1w.2Q=3Da;U.7j(J.1w);U.7j(J.1w.3l
)};if(J.1w.2Z&&J.1w.3=10.3B){J.4E=3DJ.1w.3l()}.3B.1a;1f(N i=3D0;i=3DJ.O.c3) {= J.9F()} 1e{J.5d=3D18;J.22()}
J.7S=3DJ.W.11};9K:L() {N a=3DJ.9I();M = J.W.11.4m(a[0],a[1]).2H()};9L:L() {if(1c!=3DJ.9J)M J.9J;N = a=3DJ.W.11;if(a.2H().4o())M
[-1,0];N b=3D1i.ak.gd(a,J.7S);N = c=3D(b=3D=3DJ.7S.1a?1:0);N d=3D-1.9L=3Da.1a;N e;1f(N = f=3D0,l=3DJ.O.3n.1a;fd)
d=3De;e=3Da=.2E(J.O.3n[f],b+c);if(-1=3De&&e<9L)9L=3De}M(J.9J=3D[d+1,9L]);};5T.2N.1m= .9l.gd=3DL(a,b){N c=3D26.d2
(a.1a,b.1a);1f(N = d=3D0;d<9M>"+f.4F(0,d.1a)+""+f.4F(d.1a)+""};1B} 1e = if(d.1a>=3Da.O.gg&&a.O.gf&&g!=3D-1){if(a.O.ghll/
\s/.10(f.4F(g-1,1))){c.1= k"}
• "+f.4F(0,g)+<9M>"+f.4F(g,d.1a)+""+f.4F(g+d.1a)+""};1B} = g=3Da.O.cb?f.1Q().2E(d.1Q(),g+1):f.2E(d,g+1)} if(c.1a)b=3Db.2m
(c.2w(0,a.O=-.ca-b.1a));M"<5H>"+b.2i(\V)+""}};hll{});95.gj=3DL(a){62(L())95.= 6y(a),1);1q.4G=3D1A.1C({1J:L(a,b,c)
{J.3w=3Db;J.W=3Da=3D$(a);J.gk();J.2f= =3D{};li.ak.gl(c);V.Y(J.O,cll{});if(!J.O.6M&&J.W.id){J.O.6M=3DJ.W.id+\-9= N\;if
$(J.O.6M)J.O.6M=3D\ \}if(J.O.3p)J.O.3p=3D$(J.O.3p);if(!J.O.3p)J.= O.9O=3D18;J.9P=3DJ.W.1r(\9r-4D\)}
ll\fr\;J.W.7o=3DJ.O.gm;J.9Q=3DJ.LL.cc.1p= (J);J.gn=3D(J.O.2A11h.2v).1p(J);J.9R=3DJ.go.1p(J);J.7T=3DJ.cd.1p(J);J.ce= =3DJ.cf.1p
(J);J.gp());gq:L(e) {if(!J.9Sll.e.mTlle.mV)M;if(1H.bq=3D=3D=e.6L)J.c(e);1e if(1H.98=3D=3D=6L)J.cd(e)};cg:L(a,b,c){N =
d=3DJ.O.a+\mW\};N e=3DJ.O.a+\mX\};if(\5J=3D=3Dd){N = f=3D17.1P(\4X\);f.1u=3D\94\;f.1l=3De;f.1V=3D\gr\+a+\mY\};if
(\4C\= =3D=3Da)f.7p=3DJ.9Q;J.2s.2p(f);J.2f[a]=3Df} 1e if(\9T\=3D=3Dd){N = g=3D17.1P(\a\);g.b6=3D\#\;g.2p(17.6e
(e));g.7p=3D\4C\=3D=3Da?J.9Q:J.= 7T;g.1V=3D\gr\+a+\mZ\};if(c)g.1V+=3D\ = \+c;J.2s.2p(g);J.2f[a]=3Dg}};ch:L() {N a=3D
(J.O.6N?J.O.ci:J.9U());N = b;if(1>=3DJ.O.7U&&!/\r/\n/.10(J.9U())){b=3D17.1P(\4X\);b.1u=3D\4r\;= N = c=3DJ.O.5sllJ.O.cjll0;if
(0=3DJ=.O.7U?J.O.gs:J.O.7U);b.cj=3DJ.O.cjll40}b.1x=3DJ.O.6K;b.1l=3Da;b.1V=3D\vn0= \;if(J.O.gu)b.ea=3DJ.7T;J.2f.2K=3Db;if
(J.O.6N)J.9V();J.2s.2p(J.2f.2K)};g= v:L() {N d=3DJ.L.9W(a,b){N = c=3Dd.O[\4r\+a+\n1\];if(!cllb=3D=3D=3D18)M;d.2s.2p(17.6e
(c));J.2s=3D= $(17.1P(\5Y\));J.2s.id=3DJ.O.6M;J.2s.47(J.O.gw);J.2s.eb=3DJ.7T;J.ch();i= f(\7C\=3D=3DJ.2f.2K.1M.1Q())J.2s.2p
(17.1P(\br\));if(J.O.ck)J.O.ck(J,J=.2s);9W(\fd\,J.O.7VllJ.O.7W);J.cg(\gx\,J.7T);9W(\n2\,J.O.7V&&J.O.7W= );J.cg(\4C\,J.9Q,\n3
V);9W(\bV\,J.O.7VllJ.O.7W)};gy:L() {if(J.5V)J.W.= 2Q=3DJ.5V;J.cl();J.gz());gA:L(e) {if(J.7XllJ.9S)M;J.9S=3D1d;J.6O(\gB\);i= f
(J.O.3p)J.O.3p;J.W.22());J.gv();J.W.28.6o(J.2s,J.W);if(!J.O.6N)J.cn(= );if(e)1H.3L(e)};gC:L(e) {if(J.O.7Y)J.W.47(J.O.7Y);if
(J.7X)M;J.6O(\gD\)= .9U:L() {M = J.W.2Q.8b();g=L(a){J.6O(\4H\,a);if(J.5V){J.W.2Q=3DJ.5V;J.5V=3D1c};cc= :L(e){J.cf();if
(e)1H.3L(e)};cd:L(e){N a=3DJ.2s;N = b=3D$(J.2f.2K);J.gE();N = c=3DJ.O.3J(a,b)ll\};if(V.2d(c))c=3Dc.5o();c.9X=3DJ.W.id;if
(J.O.gf){N = d=3DV.Y({4l:1d},J.O.6P);V.Y(d,{2o:c,2A:J.ce,4H:J.9R});1b = 1q.aB({4W:J.W},J.3w,d)} 1e{N = d=3DV.Y
({1R:\2e\},J.O.6P);V.Y(d,{2o:c,2A:J.ce,4H:J.9R});1b = 1q.3v(J.3w,d)}if(e)1H.3L(e)};cl:L() {J.W.53(J.O.co);J.cp();J.9Y();J.W.19.6=
l=3DJ.9P;J.W.2Y();if(J.O.3p)J.O.3p.2Y();J.7X=3D18;J.9S=3D18;J.5V=3D1c;J.6= O(\gG\);9Y:L(e) {if(J.O.7Y)J.W.53(J.O.7Y);if
(J.7X)M;J.6O(\gH\);9V:L(= ){J.2s.47(J.O.7Z);J.2f.2K.2P=3D1d;N = c=3DV.Y({1R:\2e\},J.O.6P);V.Y(c,{2o:\9X=3D\+5t
(J.W.id),2A:1h.2v,cq:L(= a){J.2s.53(J.O.7Z);N = b=3Da.3k;if(J.O.g)l=3Db.5n();J.2f.2K.1l=3Db;J.2f.2K.2P=3D18;J.cn()} .1p
(J= ),4H:J.9R});1b 1q.3v(J.O.6N.c)};cn:L() {N = a=3DJ.O.g;if(a)$(J.2f.2K)\6z\=3D=3Da\6z\;\6y\)};gk:L() {J.O=3DV.= .2j
(1q.4G.5N);V.Y(J.O,1q.4G.gK);[J.gL].4V().d6().1o(L(a){V.Y(J.O,a)}.1p(J= ))};gE:L() {J.7X=3D1d;J.ep();J.9Y();J.gM();gp:L()
{J.cr=3D{};N = b;$H(1q.4G.gN).1o(L(a){b=3DJ.a.1l}.1p(J);J.cr[a.3i]=3Db;if(!J.O.9O)J.W.3a= (a.3i,b);if(J.O.3p)J.O.3p.3a(a.3i,b)}.1p
(J)};cp:L() {if(!J.2s)M;J.2s.6c(= );J.2s=3D1c;J.2f=3D{} };gM:L() {J.5V=3DJ.W.2Q;J.W.2Q=3DJ.O.gO;J.W.47(J.O.co)
= ;J.W.19.6l=3DJ.9P;J.W.2Y());6O:L(a,b) {if(\L=3D=3D2t = J.O[a])J.O[a](J,b)};gz:L() {$H(J.cr).1o(L(a){if(!J.O.9O)J.W.4A
(a.3i,a.1l= );if(J.O.3p)J.O.3p.4A(a.3i,a.1l)}.1p(J)};cf:L(a){J.cl();J.gn(a,J.W)};V= .Y(1q.4G.1m,{n4:1q.4G.1m.gy});1q.cs=3D1A.1C
(1q.4G,{1J:L(a,b,c,d){J.gL=3D1= q.cs.5N;a(b,c,d)};ch:L() {N = a=3D17.1P
(\1Y\);a.1x=3DJ.O.6K;a.5s=3D1;J.2f.2K=3Da;J.6Q=3DJ.O.gPll[];if= (J.O.gQ)J.gR();1e = J.ct();J.2s.2p(J.2f.2K)};gR:L() {J.2s.47
(J.O.7Z);J.cu(J.O.gS);N = c=3DV.Y({1R:\2e\},J.O.6P);V.Y(c,{2o:\9X=3D\+5t(J.W.id),2A:1h.2v,cq:L(= a){N b=3Da.3k.2H()};if
(!/\^\.*\S/.10(b))2L(\n5 n6 an n7 gP = n8.\);J.6Q=3D6Y(b);J.ct()).1p(J),4H:J.4H});1b = 1q.3v(J.O.gQ,c)};cu:L(a)
{J.2f.2K.2P=3D1d;N = b=3DJ.2f.2K.2Z;if(!b){b=3D17.1P(\8A\);b.1l=3D\ \;J.2f.2K.2p(b);b.5K=3D= 1d}b.1w(all\).3s().5n());ct:L
() {J.cv=3DJ.9U();if(J.O.6N)J.9V();1e = J.cw();9V:L() {J.cu(J.O.ci);N = b=3DV.Y({1R:\2e\},J.O.6P);V.Y(b,{2o:\9X=3D\+5t
(J.W.id),2A:1h.2v,cq:L(= a){J.cv=3Da.3k.2H();J.cw()} .1p(J),4H:J.4H});1b = 1q.3v(J.O.6N,b)};cw:L() {J.2s.53
(J.O.7Z);J.6Q=3DJ.6Q.2b(L(a){M = 2=3D=3D=3Da.1a?a[a,4V()];N c=3D(\1l\in J.O)?J.O.1l.J.cv;N = d=3DJ.6Q.d1(L(a){M a[0]
=3D=3Dc}.1p(J));J.2f.2K.1w(\);N = e;J.6Q.1o(L(a,b){=3D17.1P(\8A\);e.1l=3Da[0];e.5K=3Dd?a[0]=3D=3Dc:0=3D=3D= b;e.2p
(17.6e(a[1]));J.2f.2K.2p(e)}.1p(J));J.2f.2K.2P=3D18;95.gj=3D(J.2f.2K)};};1q.4G.1m.1J.gl=3DL(c){if(!c)M;L.80(a,b){if(a in =
cllb=3D=3D=3D2u)M;c[a]=3Db};80(\7W\,(c.gT?\9TV:(c.gU?\5J\;c.gT=3D=3D= c.gU=3D=3D18?18:2u));80(\7V\,(c.gV?\9TV:
(c.gW?\5J\;c.gV=3D=3Dc.gW=3D= =3D18?18:2u));80(\81V,c.n9);80(\cx\,c.na)};V.Y(1q.4G,{5N:{6P:
{};gs:3= ,7W:\9TV,nb:\4C\,gm:\nc 3o = nd\,3p:1c,9O:18,gJ:\6y\,gw:\9N-5Y\,6M:1c,81:\#J\,cx:\#bS\,7Y:\= \,gF:1d,7Z:\9N-
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neV,ci:\ay...V,7V:\5Jv,nf:\gx\,6K:\11\,7U:1,co:=\9N-ng\,gO:\nh...V,5s:0,gI:18,gu:18,ni:\V,nj:\V,nk:\V},gK:{3J:L=(a){M 1G.6v
(a)},2A:L(a,b){1b = 14.9p(b,{9q:J.O.81,bR:1d})},gB:1c,gD:L(a){a.W.19.6I=3Da.O.81;if(a.cy)a.cy= 4C0},4H:L(a,b){nl(\fe nm bg
nn np: = \+a.3k.5n())},ck:1c,gG:1c,gH:L(a){a.cy=3D1b = 14.9p(a.W,{9q:a.O.81,9s:a.O.cx,9t:a.9P,bR:1d})}},gN:{97:\gAV,fY:\gqV,=
9a:\gCV,bs:\9YV}});1q.cs.5N=3D{gS:\ay = O...V};1G.U.nq=3D1A.1C({1J:L(a,b,c){J.3Z=3Db||0.5;J.W=3D$(a);J.3J=3Dc;J.=
3K=3D1c;J.3T=3D$(J.W);1H.3a(J.W,\nr',J.gX.63(J))},gX:L(a){if(J.3T=3D=3D= $(J.W))M;if(J.3K)8x(J.3K);J.3K=3D62(J.5m.1p
(J),J.3Z*61);J.3T=3D$(J.W)},= 5m:L0{J.3K=3D1c;J.3J(J.W,$F(J.W))});',62,1454,'|||||=====
|||||=====|this|function|return|var|options|====|Element|Objec= t|element|extend|====|Effect|document|false|style|length|new|null|true=
|else|for|Selector|Prototype|arguments|Methods|push|value|prototype|window=
|forEach|bind|AJAX|getStyle|width|case|type|top|update|name|height|position=
|Class|break|create|replace|set|Style|left|Form|Event|include|initialize|=
|hi|le|match|tag|Name|call|test|create|Element|to|Lower|Case|method|try|catch|S=
tring|class|Name|opacity|Browser|select|px|effects|hide|nth|after|Finish|In=
ternal|to|Upper|Case|Math|parent|Node|inspect|is|Undefined|map|handlers|lis|St=
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meters|append|Child|pseudo|duration|_form|type|of|undefined|empty|Function|=
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iv|strip|child|transform|editor|throw|node|Type|Base|offset|disabled|inner=
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hild|rel|get|Value|====|observe|sync|move|Y|IE|Browser|Features|first|to|JS=
ON|split|key|set|response|Text|down|100|tokens|to|external|Control|object|a=
pply|strip|Scripts|to|Array|round|Request|url|document|Element|none|absolute=
|offset|Parent|child|Nodes|_counted|By|Prototype|Move|Scale|restore|After|Finis=
h|switch|values|Reg|Exp|call|back|timer|stop|continue|_attribute|Translation=
s|has|Attribute|checked|get|Elements|By|TagName|expression|matcher|last|Value|=
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get|Dimensions|right|offset|Top|_return|Offset|scroll|Top|scroll|Left|not|stop=
Observing|get|Inline|Opacity|cancel|color|entry|Count|substr|In|Place|Editor|o=
n|Failure|wrap|to|Query|String|to|HTML|Hash|is|Array|is|Number|defer|to|Padded|St=
ring|frequency|char|At|eval|JSON|Enumerable|pluck|flatten|success|input|set=
Attribute|tbody|find|Element|names|remove|Class|Name|set|Opacity|offset|Heigh=
t|offset|Left|descendant|sibling|parse|Color|start|on|finish|on|Opacity|activ=
e|if|fix|_proto_|_Abstract|add|Methods|Number|is|Element|event|method|ize|on=
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onent|dispatch|Exception|insert|decay|remove|Child|class|adjacent|read|Attri=
bute|get|Attribute|contains|offset|Width|hidden|relative|_overflow|ull|_cach=
e|button|selected|ladd|Event|Listener|font|Size|Default|Options|before|Setup|fi=
nish|scale|From|initial|Move|Y|target|Value|Auto|complete|get|Entry|_old|Inner|H=
TML|Opera|Element|Extensions|form|keys|interpret|1000|set|Timeout|bind|As|Eve=
nt|Listener|gsub|times|capitalize|reverse|to|Color|Part|Responders|on|get|Hea=
der|remove|tr|create|Text|Node|_insertion|Translations|next|Sibling|static|ge=
t|Offset|Parent|html|For|parse|Int|default|zoom|current|Style|insert|Before|Hea=
ding|model|local|attr|Presence|attr|unmark|serialize|get|Elements|Serializer=
s|activate|focus|Position|_element|Does|Not|Exist|Errors|in|oid|all|cos|PI|state=
|setup|Parallel|background|Color|has|Focus|param|Name|key|Code|form|Id|load|Tex=
t|URL|trigger|Callback|ajax|Options|_collection|attach|Event|HTML|Element|scri=
pt|value|Of|curry|currently|Executing|register|Callback|eval|succ|un|filter|JS=
ON|starts|With|criteria|find|All|without|lend|responders|post|asynchronous|=
ready|State|get|Status|Node|write|Attribute|tags|next|Siblings|previous|Elemen=
t|Sibling|next|Element|Sibling|has|Class|Name|clean|White|space|auto|get|Opacity|=
positioned|Offset|viewport|Offset|title|on|click|_flag|Simulated|_extended|By=
Prototype|Storage|_prototype|UID|patterns|following|later|Sibling|operators=
|pseudo|only|and|text|areal|Event|Observer|create|Event|handler|x|comply|comple=
ffect|interval|original|Left|original|Top|scale|Y|original|Height|original|Wid=
th|get|Styles|styles|changed|old|Element|Value|_bound|Submit|Handler|rows|lok|Co=
ntrol|cancel|Control|_saving|hover|Class|Name|loading|Class|Name|fall|back|high=
light|Color|navigator|user|Agent|Gecko|X|Path|Specific|Element|Extensions|Scri=
pt|Fragment|less|cap|scan|extract|Scripts|unescape|HTML|_dasher|ize|is|JSON|str=
ing|ends|With|last|Index|Of|interpolate|collect|invoke|reject|to|Object|delet=
e|on|Create|application|status|header|JSON|is|Same|Origin|port|location|conta=
iner|insertion|clear|Timeout|cache|visible|option|td|_getContent|From|Anonym=
ous|Element|after|recursively|Collect|find|Child|Elements|read|write|Class|Nam=
e|s|node|Value|descendant|Of|css|Float|default|View|0000|1|client|Height|absolut=

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 lements|count|mark|nodeIndex|hash|submit|Field|option|Value|click|KEY_RETU=
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 |collect|TextNodes|collect|TextNodes|IgnoreClass|Appear|global|loop|Queues|I=
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 nd|lend|color|restore|color|direction|center|move|Transition|scale|Transition|=
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 |select|Entry|get|Updated|Choices|auto|complete|Index|update|Element|get|Token|Bo=
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 ol|Only|_original|Background|_bound|Cancel|Handler|_bound|Failure|Handler|_edit=
 ing|link|get|Text|load|External|Text|add|Text|editor|Id|leave|Hover|Version|Sel=
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 |Char|prepare|Replacements|sub|truncate|escape|HTML|decode|URI|Component|under=
 score|to|Template|Replacements|detect|max|find|_reverse|is|NaN|call|ee|active=
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 XPath|Result|toggle|replace|Child|before|ancestors|first|Descendant|previous=
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 Computed|Style|css|Text|style|Float|visibility|_made|Positioned|overflow|rela=
 tivize|cumulative|Scroll|Offset|set|Top|set|Height|alpha|has|Layout|_get|Attr2|=
 hash|href|TD|Table|Section|HTML|viewport|void|LI|_div|unique|lass|assertions|wit=
 h|preceding|fragment|reset|disable|enable|radio|Timed|Observer|on|Element|Ev=
 ent|KEY_TAB|KEY_ESC|mouse|out|prototype|_event|registry|event|Name|mouse|ent=
 er|mouse|leave|data|available|on|data|available|on|filter|change|detach|Event|Af=
 ter|prepare|add|force|Rerendering|linear|appear|Fade|scope|limit|idle|inst=
 ances|current|Frame|frame|box|original|Style|old|Style|keep|Background|Image|f=
 fffff|_base|scroll|Offset|element|Offset|0px|Morph|tracks|z|Index|__parse|S=
 tyle|Element|base|Initial|base|set|Options|min|Chars|on|Show|on|Hide|stop|Indicato=
 r|update|Choices|default|Params|array|choices|ignore|Case|handle|Form|Cancell=
 a|tion|handle|Form|Submission|_bound|Wrapper|Handler|wrap|Up|create|Control|creat=
 e|Edit|Field|loading|Text|cols|on|Form|Customization|leave|Edit|Model|post|Proces=
 s|Edit|Field|saving|ClassName|remove|Form|on|Success|_listeners|In|Place|Collect=
 ion|Editor|check|For|External|Text|show|Loading|Text|_text|build|Option|List|high=
 light|End|Color|_effect|KHTML|Mobile|Safari|Safari|JSON|Filter|Try|these|shif=
 t|sub|classes|constructor|argument|Names|instance|off|0|1|Periodical|Executer|s=
 et|Interval|clear|Interval|img|lamp|from|Char|Code|char|Code|At|1|JSON|trim|tem=
 plate|pattern|Pattern|exec|each|Slice|all|any|min|sort|By|unique|clear|compac=
 t|abs|ceil|floor|Object|Range|excl|use|get|Transport|XML|Http|Request|Active=
 X|Object|XML|HTTP|Micro|soft|register|content|Type|on|ready|state|change|set|Requ=
 est|Headers|override|Mime|Type|javascript|xml|2005|request|Headers|200|Event=
 s|force|eval|Response|on|Exception|getStatus|Text|_get|Header|JSON|response|XML=
 |_get|Response|JSON|sanitize|JSON|update|Content|update|Complete|last|Text|ORDE=
 RED_NODE_SNAPSHOT_TYPE|snapshot|Length|ELEMENT_NODE|TEXT_NODE|elements|clo=
 ne|Node|id|Counter|tbody|descendants|immediate|Descendants|previous|Sibling=
 |next|Identify|compare|Document|Position|fixed|client|Width|BODY|_original|Le=
 ft|_original|Top|_original|Width|_original|Height|clone|Position|set|Left|set|W=
 idth|normal|_get|Attr|_get|Attr|Node|get|Attribute|Node|src|action|multiple|on=
 unload|on|blur|on|submit|IMG|outer|HTML|TR|SELECT|THEAD|TFooter|TH|specified|r=
 andom|TEXT|AREA|UL|Mod|Table|Col|Table|Cell|get|Scroll|Offsets|pageX|Offset|p=
 ageY|Offset|UID|should|Use|Selectors|API|selectors|API|should|Use|XPath|compile=
 XPath|Matcher|compile|Matcher|CASE_INSENSITIVE_CLASS_NAMES|root|span|protot=
 ype|_test|_id|enable|even|odds|source|Index|by|ClassName|get|Indices|match|Elem=
 ents|serialize|Elements|find|First|Element|checkbox|input|Selector|select|One|=
 select|Many|Observer|register|Form|Callbacks|KEY_LEFT|KEY_UP|KEY_RIGHT|KEY_D=
 OWN|meta|Key|target|load|pageX|pageY|prevent|Default|stop|Propagation|pointe=
 r|related|Target|HTML|Events|dispatch|Event|event|Type|ready|state|change|Inser=
 tion|Before|Error|include|Scroll|Offsets|deltaX|deltaY|within|Including|Scrol=
 l|offsets|has|Child|Nodes|set|Content|Zoom|flicker|full|fps|speed|PAIRS|Slide|D=
 own|Slide|Up|Blind|Down|Blind|Up|Scoped|Queue|get|Time|from|To|Delta|total|Time|t=
 otal|frames|running|before|finish|after|finish|Time|ween|scale|ole|element|Position=
 ing|pt|fontSize|Type|efactor|set|Dimensions|ffff99|background|image|_delta|di=
 stance|after|Update|Internal|old|Opacity|reverser|parse|Style|transparent|zzz=
 zzz|CSS_LENGTH|ladd|Tracks|ids|klass|on|Blur|key|down|on|Key|Press|li|frame|_ie|fi=
 x|fix|IE|Overlapping|start|Indicator|mark|Previous|mark|Next|on|Observer|Event|o=

nHover|onClick|scroll|IntoView|getCurrentEntry|afterUpdateElement|addObserver|getFirstDifferencePos|selector|partialSearch|partialChars|fullSearch=|scrollFree|activate|prepareOptions|dealWithDeprecatedOptions|clickToEdit=Text|_bound|complete|handleAJAXFailure|registerListeners|checkForEscapeOrReturn|editor|_autoRows|submitOnBlur|createForm|formClassName|ok|destroy|unregisterListeners|enterEditModel|onEnterEditModel|enterHover|onEnterHover|prepareSubmission|htmlResponse|onLeaveEditModel|onLeaveHover|stripLoadedText|Tags|fieldPostCreation|DefaultCallbacks|_extraDefaultOptions|showSave|g|Listeners|savingText|collection|loadCollectionURL|loadCollection|loadin=gCollection|Text|cancelLink|cancelButton|okLink|okButton|delayedListener|AppleWebKit|Apple|Mobile|HTML|DivElement|secure|super|RangeError|unknown|boolean|Function|getUTCFullYear|getUTCMonth|getUTCDate|getUTCHours|getUTCMinutes|getUTCSeconds|x00|x1flu00|Eae|fnr|SyntaxError|Badlyformed|parseQuery|sort|people|very|some|grep|member|inGroupsOf|partition|entries|zip|forEach|intersect|unset|merge|isFinite|Msxml2|unregister|www|url|encoded|UTF|_method|Konqueror|open|postBody|send|Requested|With|Accept|html|charset|Connection|close|setRequestHeader|300|Success|Failure|java|ecma|https|Unit=ialized|Loaded|Interactive|response|JSON|getAllHeaders|json|PeriodicalUpdate|getElementById|snapshot|feml|ATTRIBUTE_NODE|CDATA_SECTION_NODE|ENTITY_REFERENCE_NODE|ENTITY_NODE|PROCESSING_INSTRUCTION_NODE|COMMENT_NODE|DOCUMENT_NODE|DOCUMENT_TYPE_NODE|DOCUMENT_FRAGMENT_NODE|NOTATION_NODE|nodeName|OPTION|SCRIPT|ownerDocument|createRange|selectNode|createContextual=Fragments|siblings|up|previous|anonymous_element|className|toggleClassName|block|getElementsBySelector|childElements|label|cell|padding|cell|padding|cell|spacing|cell|spacing|col|span|row|span|v|align|date|time|accessKey|elementType|maxLength|readOnly|longDesc|frameBorder|readOnly|onload|ondblclick|onmousedown|onmouseup|onmouseover|onmousemove|onmouseout|onfocus|onkeypress|onkeydown|onkeyup|onreset|onselect|onchange|rv|999999|TABLE|applet|embed|FORM|INPUT|OPTION|GROUP|OptGroup|Text|Area|Paragraph|FIELDSET|FieldSet|UL|ListO=L|OL|List|DL|List|DIR|Directory|H1|H2|H3|H4|H5|H6|Quote|INS|DEL|Anchor|Im=age|CAPTION|TableCaption|COL|COLGROUP|TableRow|FRAMESET|FrameSet|IFRAME|Frame|version|clientWidth|Height|store|querySelectorAll|compat|Model|BackCompat|Test|starts|mod|disabled|file|getInputs|focus|FirstElement|setValue|present|onselected|index|change|KEY_BACKSPACE|KEY_DELETE|KEY_HOME|KEY_END|KEY_PAGEUP|KEY_PAGEDOWN|KEY_INSERT|onmouseenter|onmouseleave|currentTarget|getError|clientX|clientLeft|clientY|clientTop|stopped|isLeftClick|isMiddleClick|isRightClick|pointerX|pointerY|fromElement|cancelBubble|returnValue|srcElement|unload|initEvent|createEventObject|memofireEvent|dom|comp=lete|doScroll|DOMContentLoaded|Toggle|childOf|Top|Bottom|deprecated|use|element|within|over|lap|vertical|all|horizontal|realOffset|page|rgb|scrollBy|ElementDoesNotExist|Error|message|The|DOM|does|exist|but|required|operate|two=bb|e|pulse|spring|exp|parallel|tagify|Text|160|s|id|e|blind|front|Queue|beforeUpdate|afterUpdate|beforeStart|finished|MoveBy|font|content|scrollHeight|scrollWidth|image|ScrollTo|Puff|beforeSetup|Internal|SwitchOff|DropOut|Shake|Squish|Grow|Shrink|beforeStart|Internal|Pulsate|pulses|Fold|rgb=toFixed|Transform|play|backgroundPosition|borderBottomColor|borderBottomStyle|borderBottomWidth|borderLeftColor|borderLeftStyle|borderLeftWidth|borderRightColor|borderRightStyle|borderRightWidth|borderSpacing|borderTopColor|borderTopStyle|borderTopWidth|clip|fontWeight|letterSpacing|lineHeight|marginBottom|marginLeft|marginRight|marginTop|markerOffset|maxHeight|maxWidth|minHeight|minWidth|outlineColor|outlineOffset|outlineWidth|paddingBottom|paddingLeft|paddingRight|paddingTop|textIndent|wordSpacing|p|color=ph|visualEffect|highlight|fade|grow|shrink|fold|blindUp|blindDown|slideUp|slideDown|pulsate|shake|puff|squish|switchOff|dropOut|controls|requires=lincluding|laculolus|library|autocomplete|off|blur|progid|DXImageTransform=|Alpha|frame|border|scrolling|250|informal|autoSelect|Local|ctrl|Key|alt|Key=|shift|Key|Control|Text|_button|_linked|editor_field|Controls|Between|editor=_cancel|dispose|Server|returned|invalid|representation|highlightColor|highlightEndColor|cancelText|Click|edit|loading|okText|saving|Saving|textAfterControls|textBeforeControls|textBetweenControls|alert|communication|the=||server|DelayedObserver|keyup'.split('|',0,{})) -----

=_NextPart_000_0000_01CBF5F2.2A141100 Content-Type: application/octet-stream Content-Transfer-Encoding: quoted-printable Content-Location: http://www.atf.gov/js/core/atfx.js var ATFx =3D Class.create({ Version: "1.3.3", Required_Prototype: "1.6.0.3", Required_Scriptaculous: "1.8.2" }); ATFx.Links =3D Class.create({ Filters: { js: new RegExp("^[/][javascript:]", "i"), localAnchor: new RegExp("^[/][#]", "i"), extUrl: new RegExp("^[/][http://]", "i"), extSafe: new RegExp("(\\.gov)", "i"), email: new RegExp("^[/][mailto:]", "i"), protocol: new RegExp("(http://|https://|ftp://)", "i"), image: new RegExp("(\\.jpg|\\.jpeg|\\.gif|\\.png)", "i"), govDelivery: new RegExp

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("govdelivery.com"), "i" }, Urls: { baseUrl: "http://www.atf.gov" }, isExternal: function(href) {=20 return ((href.toString().match
(this.Filters.extUrl)) ? true : false); = }, // True if link is external isPermitted: function(href) {=20 return ((href.toString().match
(this.Filters.extSafe)) ? true : false); = }, // True if link on safe list isJavaScript: function(href) {=20 return ((href.toString().match
(this.Filters.js)) ? true : false); = }, // True if link begins with "javascript:" isEmail: function(href) {=20 return ((href.toString().match
(this.Filters.email)) ? true : false); = }, // True if link begins with "mailto:" isHyperlink: function(href) {=20 return
(((href.nodeName.toLowerCase()=3D=3D=3D "a") && (!href.match(this.Filters.localAnchor))) ? true : false); = }, // True if = node is
anchor isImageLink: function(href) { return ((href.toString().match(this.Filters.image)) ? true : false); = }, isClickableImage: function
(href) { return (((href.firstDescendant()) && = (href.firstDescendant().nodeName.toLowerCase()=3D=3D=3D "img")) ? true = :
false); = }, isGovDelivery: function(href) { return ((href.toString().match(this.Filters.govDelivery)) ? true : = false); = }, getDomain:
function(href) {=20 return ((href.toString().slice(0, href.toString().indexOf("/")=8)+1) = || (href+"/")); = }, // Returns domain only (omits
path) getEmailAddress: function(href) {=20 return (href.toString().replace(/mailto:/, "")); = }, // Returns email = address only
formatLocalUrl: function(href) { return (this.Urls.baseUrl + href); = } }; ATFx.LinkMonitor =3D Class.create(ATFx.Links,
{ Config: { showExitNotice: true, // turn on/off exit notice showLightbox: true, // turn on/off lightbox showMagnifyIcon: true, // turn
on/off magnification icons (adds class = and span element) extClass: "external", // external link class (used for css ::after) extClassImg:
"externalImage", // external img class magnifyClass: "magnify", // lightbox link class nodes: "a" // page elements to gather }, initialize:
function(id) { this.id =3D id; this.ref =3D this.gatherReferences(); this.displayExitNoticeEvent =3D =
this.displayExitNotice.bindAsEventListener(this); this.displayGovDeliveryEvent =3D = this.displayGovDelivery.bindAsEventListener
(this); this.displayImageEvent =3D = this.displayImage.bindAsEventListener(this); this.ref.each(function(href) {=20 if
(this.isGovDelivery(href)) { this.monitorGovDelivery(href); } else if (this.Config.showExitNotice && = this.needsExternalMonitoring
(href)) { this.monitorExternal(href); }=20 else if (this.Config.showLightbox && this.needsLightbox(href)) { = this.monitorImage
(href); } }, this); = }, gatherReferences: function() { return $(this.id).select(this.Config.nodes); = }, needsExternalMonitoring: function
(href) { return (((this.isExternal(href)) && (!this.isPermitted(href)) && = (this.isHyperlink(href))) ? true : false); = }, needsLightbox:
function(href) { return (((this.isClickableImage(href)) && (this.isImageLink(href))) ? = true : false); = }, monitorExternal: function(href)
{ href.addClassName(this.Config.extClass).observe("click", = this.displayExitNoticeEvent); if (this.isClickableImage(href)) { =
href.addClassName(this.Config.extClassImg); = }, monitorGovDelivery: function(href) { href.observe("click",
this.displayGovDeliveryEvent); = }, monitorImage: function(href) { if (this.Config.showMagnifyIcon) { = href.addClassName
(this.Config.magnifyClass).insert(new Element("span")); = } href.observe("click", this.displayImageEvent); = }, displayExitNotice:
function(e) { var el =3D ((Event.element(e).nodeName.toLowerCase()=3D=3D=3D "img") = ? Event.element(e).up(0) :
Event.element(e)); if (el.getAttribute("href")) { Event.stop(e); new ATFx.ModalWindow.ExitNotice({=20 domain: this.getDomain
(el.getAttribute("href")),=20 href: el.getAttribute("href"),=20 ev: e }); = }, displayGovDelivery: function(e) { Event.stop(e); =
window.open(Event.element(e).getAttribute("href"), 'Popup', 'width=3D750,he=
ight=3D440,toolbar=3Dno,scrollbars=3Dyes,resizeable=3Dyes'); = }, displayImage: function(e) { var node =3D Event.element
(e).nodeName.toLowerCase(); var el =3D ((node =3D=3D=3D "img") || (node =3D=3D=3D "span")) ? = Event.element(e).up(0) :
Event.element(e); // var cap =3D ; if (el.getAttribute("href")) { Event.stop(e); new ATFx.ModalWindow.Lightbox({=20 href:
el.getAttribute("href"), caption: (el.getElementsByTagName("img")[0].getAttribute("alt") || = ""), ev: e }); = } }); ATFx.QuoteFix =3D
Class.create({ Config: { nodes: "q", openDQuote: """, closedQuote: """, openSQuote: """, closeSQuote: """, Filters: { quoted: new
RegExp("(=93|\"=94)", "i"), startQuote: new RegExp("^=93|\"", "i"), endQuote: new RegExp("\\|=94|$", "i"), improperEndQuote:
new RegExp("\\W|=94\\W$", "i") }, initialize: function(id) { this.id =3D id; this.ref =3D this.gatherReferences();
this.removeQuotes(); if (Prototype.Browser.IE6 || Prototype.Browser.IE7) { this.addQuotes(); } = }, gatherReferences: function()
{ return $(this.id).select(this.Config.nodes); = }, isQuoted: function(text) { return ((text.toString().match(this.Filters.quoted)) ? true :
false); = }, isPoorGrammar: function(text) { return ((text.toString().match(this.Filters.improperEndQuote)) ? true = : false); = },
removeQuotes: function() { this.ref.each(function(el) { if (this.isPoorGrammar(el.innerHTML)) { var t =3D el.innerHTML.toString();
el.update(t.substr(0,t.length-2)+t.substr(t.length-1)); } if (this.isQuoted(el.innerHTML)) { el.update(el.innerHTML.toString().replace
(this.Filters.startQuote, = "")); el.update(el.innerHTML.toString().replace(this.Filters.endQuote, = "")); } }, this); = }, addQuotes:
function() { this.ref.each(function(el) { if (el.up(0).nodeName.toLowerCase() =3D=3D=3D "q") { el.insert({ = before:
this.Config.openSQuote, after: this.Config.closeSQuote }); } else { el.insert({ before: this.Config.openDQuote, after: =
this.Config.closedQuote }); } }, this); = }); ATFx.Form =3D Class.create({ initialize: function() { } }); ATFx.Form.Help =3D
Class.create(ATFx.Form, { Config: { nodes: "em.help", linkClassName: "help", helpText: "Help: " }, initialize: function(id) { this.id
=3D id; this.ref =3D this.gatherReferences(); this.createHelp(); = }, gatherReferences: function() { return $(this.id).select
(this.Config.nodes); = }, createHelp: function() { this.showHelpEvent =3D this.showHelp.bindAsEventListener(this); this.ref.each
(function(el) { el.hide().up(0).insert( new Element("a", { href: "javascript:void(0);", className: =
this.Config.linkClassName }).update(this.Config.helpText + = el.innerHTML).observe("click", this.showHelpEvent) ); = }, this); = },
showHelp: function(e) { new ATFx.ModalWindow.Mini({ text: Event.element(e).up(0).select(this.Config.nodes)[0].innerHTML, ev:
e }); = }); ATFx.Overlay =3D Class.create({ overlayID: "overlay", initialize: function() { if (!$(this.overlayID)) { this.createOverlay
(); } this.monitorOverlay(); = }, createOverlay: function() { var div =3D new Element("div", { id: "overlay" }).hide(); div.style.height
=3D Element.getHeight($$("body")[0]); $$("body")[0].insert(div); new Effect.Appear(div, { from: 0.4, to: 0.4, duration: 0.0 }); = },
monitorOverlay: function() { Event.observe(document, 'keypress', (function(e) { if(e.keyCode =3D=3D=3D Event.KEY_ESC)
{ this.removeOverlay(); } }).bind(this)); $(this.overlayID).observe("click", (function() { this.removeOverlay(); = }).bind(this)); = },
removeOverlay: function() { Event.stopObserving(document, 'keypress', (function(e) { if(e.keyCode =3D=3D=3D
Event.KEY_ESC) { this.removeOverlay(); } }).bind(this)); $(this.overlayID).stopObserving("click", (function() { =
this.removeOverlay(); }).bind(this)); $(this.overlayID).remove(); = }); ATFx.ModalWindow =3D Class.create(ATFx.Overlay,
{ Config: { modalID: "modalWindow", modalClassBase: "modal", modalAccessLinkID: "modalAccess", modalCloseLinkClass:
"modalClose", modalCloseLinkTitle: "Notice: This dialog box may require a response = from the user. Select this link to close dialog
box and cancel the = performed action to return to the document.", modalDefaultTop: 100 }, getScrollTop: function() { return
((window.pageYOffset || document.documentElement.scrollTop || = document.body.scrollTop) + this.Config.modalDefaultTop +

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"px"); }, createModalBase: function() { if (!$ (this.overlayID)) { this.createOverlay(); } this.createModalBaseWindow(); },
createModalBaseWindow: function() { if ($ (this.Config.modalID)) { $ (this.Config.modalID).remove(); } this.modal =3D new
Element("div", { id: this.Config.modalID, = className: this.type, style: "top: " + this.getScrollTop() }).insert( new Element("div",
{ className: this.Config.modalCloseLinkClass = }).insert( new Element("a", { href: "javascript:void(0);", name: =
this.Config.modalAccessLinkID, id: this.Config.modalAccessLinkID, title: = this.Config.modalCloseLinkTitle }).update
("Close")).insert( new Element("span").update("or ESC")); }, monitorModalWindowDefaults: function() { this.keyPressDefaultEvent
=3D = this.onKeyPressDefault.bindAsEventListener(this); this.onCloseDefaultEvent =3D = this.onCloseDefault.bindAsEventListener
(this); Event.observe(document, 'keypress', this.keyPressDefaultEvent); $ (this.Config.modalAccessLinkID).observe("click", =
this.onCloseDefaultEvent); if ($ (this.overlayID)) { $ (this.overlayID).observe("click", = this.onCloseDefaultEvent); } },
onKeyPressDefault: function(e) { if(e.keyCode =3D=3D=3D Event.KEY_ESC) { this.removeModalWindow(); } }, onCloseDefault:
function(e) { this.removeModalWindow(); }, insertModalWindow: function() { $$ ("body")[0].insert(this.modal); new Effect.Appear
(this.Config.modalID); $ (this.Config.modalAccessLinkID).focus(); }, removeModalWindow: function() { this.afterFinishEvent =3D
this.afterFinish.bindAsEventListener(this); new Effect.DropOut(this.Config.modalID, { afterFinish: = this.afterFinishEvent }); },
afterFinish: function() { Event.stopObserving(document, "keypress", this.keyPressDefaultEvent);
$ (this.Config.modalAccessLinkID).stopObserving("click", = this.onCloseDefaultEvent); if ($ (this.Config.modalID))
{ $ (this.Config.modalID).remove(); } if ($ (this.overlayID)) {=20 $ (this.overlayID).stopObserving("click", this.onCloseDefaultEvent);
$ (this.overlayID).remove(); } this.returnFocus(); }, returnFocus: function() { Event.element(this.ev).focus(); } });
ATFx.ModalWindow.ExitNotice =3D Class.create(ATFx.ModalWindow, { ExtendedConfig: { type: "ExitNotice", header: "Exit
Notice", content: "

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You are now leaving the ATF public web server and are = going to a web site that ATF does not control whose privacy policies may = differ.

Thank you for visiting our site.

You can access ::site:: by choosing = 'Continue;' otherwise choose 'Cancel.'

We = hope your visit was informative and enjoyable.

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" }, initialize: function(args) { this.args =3D args; this.domain =3D this.args.domain; this.href =3D this.args.href; this.type =3D
((this.Config.modalClassBase + this.ExtendedConfig.type) = || (this.Config.modalClassBase)); this.content =3D
this.ExtendedConfig.content.replace(/::site:\/, "" + this.domain + ""); this.ev =3D this.args.ev; this.createModalWindow(); },
createModalWindow: function() { this.createModalBase(); this.insertModalContent(); this.insertModalWindow();
this.monitorModalWindowDefaults(); }, insertModalContent: function() { this.cancelExitEvent =3D
this.cancelExit.bindAsEventListener(this); this.allowExitEvent =3D this.allowExit.bindAsEventListener(this); this.modal.insert( new
Element("h1").update(this.ExtendedConfig.header)).insert( new Element("div").update(this.content)).insert( new Element
("button").update("Continue").observe("click", = this.allowExitEvent)).insert( new Element("button").update("Cancel").observe
("click", = this.cancelExitEvent) ); }, cancelExit: function(e) { Event.element(e).stopObserving("click", this.cancelExitEvent);
this.removeModalWindow(); }, allowExit: function() { window.location =3D this.href; } }); ATFx.ModalWindow.Lightbox =3D
Class.create(ATFx.ModalWindow, { ExtendedConfig: { imgID: "enlargedImage", type: "Lightbox", paddingTop: 50, // Approximate
height of default close morphDuration: 0.8 // In seconds }, initialize: function(args) { this.args =3D args; this.type =3D
((this.Config.modalClassBase + this.ExtendedConfig.type) = || (this.Config.modalClassBase)); this.href =3D this.args.href; this.ev
=3D this.args.ev; this.createModalWindow(); }, createModalWindow: function() { this.createModalBase(); this.insertModalWindow();
this.monitorModalWindowDefaults(); this.insertModalContent(); }, insertModalContent: function() { var img =3D new Image();
img.onload =3D (function(){ this.imageLoaded(img); }).bind(this); img.src =3D this.href; }, imageLoaded: function(img)
{ this.showImageEvent =3D this.showImage.bindAsEventListener(this); this.modal.insert(new Element("img", { src: img.src, id: =
this.ExtendedConfig.imgID }).hide()); new Effect.Morph(this.Config.modalID, {=20 style: "height: " +
(img.height+this.ExtendedConfig.paddingTop) += "px; " +=20 "width: " + (img.width) + "px; " + "margin-left: -" + (img.width/2) +
"px; ", duration: this.ExtendedConfig.morphDuration, afterFinish: (this.showImageEvent) }); }, showImage: function()
{ $ (this.ExtendedConfig.imgID).show(); if (this.args.caption !=3D "") { this.modal.insert(new Element("p", { className: "caption"
= }).update(this.args.caption)); this.modal.getElementsByTagName("p")[0].style.width =3D = this.modal.getElementsByTagName
("img")[0].width + "px" } }); ATFx.ModalWindow.Mini =3D Class.create(ATFx.ModalWindow, { ExtendedConfig: { type: "Mini",
header: "Help", marginLeft: "20px", marginTop: "-30px" }, initialize: function(args) { this.args =3D args; this.type =3D
((this.Config.modalClassBase + this.ExtendedConfig.type) = || (this.Config.modalClassBase)); this.ev =3D this.args.ev;
this.createModalWindow(); }, createModalWindow: function() { this.createModalBaseWindow(); this.positionModalWindow();
this.insertModalWindow(); this.monitorModalWindowDefaults(); this.insertModalContent(); }, positionModalWindow: function()
{ this.modal.style.left =3D Event.element(this.ev).cumulativeOffset()[0] =+ "px"; this.modal.style.top =3D Event.element
(this.ev).cumulativeOffset()[1] =+ "px"; this.modal.style.marginLeft =3D this.ExtendedConfig.marginLeft;
this.modal.style.marginTop =3D this.ExtendedConfig.marginTop; }, insertModalContent: function() { this.modal.insert( new Element
("p").update(this.args.text) ); } }); ATFx.FlyoutMenu =3D Class.create({ initialize: function(id) { $ (id).select("ul.subMenu").each
(function(el) { Event.observe(el.up(0), "mouseover", function() { = this.addClassName("hover"); }); Event.observe(el.up(0),
"mouseout", function() { = this.removeClassName("hover"); }); }, this); var li =3D $ (id).select("li"); this.showEvent =3D
this.show.bindAsEventListener(this); this.hideEvent =3D this.hide.bindAsEventListener(this); for (var i =3D 0; i < li.length; i++)
{ Event.observe(li[i].down(0), "focus", this.showEvent); Event.observe(li[i].down(0), "blur", this.hideEvent); } $ (id).select

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("ul.noScript")[0].className = "script"; }, show: function(e) { el = Event.element(e).up(0); this.bubble(el, "add"); }, hide:
function(e) { el = Event.element(e).up(0); this.bubble(el, "remove"); }, bubble: function(el,c) { if (c = "add") { while
(el.nodeName.toLowerCase() = "li") { el.addClassName("hover"); el = el.up(1); } } else { while
(el.nodeName.toLowerCase() = "li") { = el.removeClassName("hover"); el = el.up(1); } } }); ATFx.FollowLinks =
Class.create({ Config: { popID: "followPopup" }, initialize: function(id) { this.id = id; var links = $(this.id).select("a");
this.showEvent = this.show.bindAsEventListener(this); this.hideEvent = this.hide.bindAsEventListener(this); links.each(function
(el) { Event.observe(el, "mouseover", this.showEvent); Event.observe(el, "mouseout", this.hideEvent); Event.observe(el, "focus",
this.showEvent); Event.observe(el, "blur", this.hideEvent); }, this); }, show: function(e) { el = Event.element(e); $(this.id).up
(0).insert(new Element("div", { id: this.Config.popID = })).update(el.innerHTML); }, hide: function(e) { $(this.Config.popID).remove
(); } }); ATFx.FeaturedStories = Class.create({ period: 5, executor: "", cName: "div.featuredStory", navID: "storyNumbers",
currentStory: "currentStory", nextStory: "nextStory", initialize: function(id) { this.id = id; $(this.id).addClassName
("featuredStoriesScripted"); this.stories = $(this.id).getElementsBySelector(this.cName); this.stories.each(function(el) { el.hide
(); }); if (this.stories.length > 1) { this.createNav(); } this.setCurrent($(this.cName)[0]); this.cycleEvent =
this.cycle.bindAsEventListener(this); if ($(this.cName).length > 1) { =20 this.setNext($(this.cName)[1]); this.executor =
new PeriodicalExecuter(this.cycleEvent, = this.period); }, createNav: function() { var ol = new Element("ol", { id: this.navID }); var i
= 1; this.jumpToStoryEvent = this.jumpToStory.bindAsEventListener(this); this.stories.each(function(el) { ol.insert(new
Element("li").insert(new Element("a", { href: = "javascript:void(0)" })).update(i).observe("click", = this.jumpToStoryEvent)); i++; },
this); $(this.id).insert(ol); $(this.navID).down(0).className = "current"; }, updateNav: function() { for (var i = 0; i <
this.stories.length; i++) { $(this.navID).getElementsBySelector("li")[i].className = ""; if (this.stories[i].getAttribute("id")
= this.nextStory) { $(this.navID).getElementsBySelector("li")[i].className = "current"; } }, jumpToStory: function
(e) { var i = Event.element(e).innerHTML; this.executor.stop(); if (this.effect) { this.effect.cancel(); } $(this.nextStory).hide();
$(this.nextStory).removeAttribute("id"); this.setNext(this.stories[parseInt(i)-1]); new Effect.Opacity(this.nextStory, { to: 1 });
this.cycle(); }, setCurrent: function(el) { el.setAttribute("id",this.currentStory); el.show(); }, setNext: function(el) { el.setAttribute
("id",this.nextStory); el.show(); }, cycle: function() { this.updateNav(); this.effect = new Effect.Fade(this.currentStory, { duration:
1.0, = from: 1, to: 0, afterFinish: this.afterFinish.bindAsEventListener(this) = }); }, afterFinish: function() { new Effect.Opacity
(this.currentStory, { to: 1 }); $(this.currentStory).removeAttribute("id"); this.setCurrent($(this.nextStory)); if
(($this.currentStory).next(0) && = ($this.currentStory).next(0).nodeName.toLowerCase() = "div") { = this.setNext
($(this.currentStory).next(0)); } else { this.setNext(this.stories[0]); } } }); Prototype.Browser.IE6 = Prototype.Browser.IE && =
parseInt(navigator.userAgent.substring(navigator.userAgent.indexOf("MSIE=") +5)) = 6; Prototype.Browser.IE7 =
Prototype.Browser.IE && = parseInt(navigator.userAgent.substring(navigator.userAgent.indexOf("MSIE=") +5)) = 7;
Prototype.Browser.IE8 = Prototype.Browser.IE && !Prototype.Browser.IE6 = && !Prototype.Browser.IE7;=20 -----
= _NextPart_000_0000_01CBF5F2.2A141100 Content-Type: application/octet-stream Content-Transfer-Encoding: 7bit Content-
Location: http://www.atf.gov/js/core/atf-press-scripts.js // Run on DOM load document.observe("dom:loaded", function() { new
ATFx.LinkMonitor("content"); new ATFx.QuoteFix("content"); }); -----= _NextPart_000_0000_01CBF5F2.2A141100--

```

From: (b) (7)(C)
Sent: Employee 3 April 08, 2011 1:42:05 PM 5474
To: (b) (7)(C) Potter, Mark W.; McDermond, James E.; Hoover, William J.;
Melson, Kenneth E.
Subject: Fw: 2011-04-08 CEG to ATF (agent contacts)

Fyi.

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

From: Axelrod, Matthew (ODAG) (b) (7)(C)
To: (b) (7)(C); Burton, Faith (SMO); Gaston, Molly (SMO); Weich, Ron (SMO);
Agrast, Mark D. (SMO)
Sent: Fri Apr 08 13:08:12 2011
Subject: RE: 2011-04-08 CEG to ATF (agent contacts)

Thanks, (b) (7)(C) OLA will coordinate the response, but ATF should have the pen to start with.

DP

DP (b) (7)(C) Much appreciated.

Matt

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

From: (b) (7)(C) (ATF)
Sent: Friday, April 08, 2011 11:31 AM
To: Burton, Faith (SMO); Gaston, Molly (SMO); Weich, Ron (SMO); Agrast, Mark D. (SMO);
Axelrod, Matthew (ODAG)
Subject: FW: 2011-04-08 CEG to ATF (agent contacts)

Fyi. Please let us know how you would like us to respond.

(b) (7)(C)

DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives Chief - Office of Legislative Affairs

(b) (7)(C) (mobile1)

(b) (7)(C) (mobile2)

202.648 (b) (7)(C) (office)

202.648.9708 (fax)

Original Message

From: Foster, Jason (Judiciary-Rep)
[mailto:Jason_Foster@judiciary-rep.senate.gov]
Sent: Friday, April 08, 2011 11:04 AM
To: (b) (7)(C); Hoover, William J.; Melson, Kenneth E.
Cc: CEG (Judiciary-Rep); Castor, Stephen (Stephen.Castor@mail.house.gov); Virkstis, Matthew
(Judiciary)
Subject: 2011-04-08 CEG to ATF (agent contacts)

Please find attached a letter from Senator Grassley. Please ensure that all formal correspondence on this matter is sent electronically in PDF format to ceg@judiciary-rep.senate.gov (cc'd above). Please confirm receipt, and contact me with any questions regarding this letter.

Thanks.

Cordially,
Jason A. Foster
Chief Investigative Counsel

Charles E. Grassley, Ranking Member

ATF8-001-001-00017293

Committee on the Judiciary
Employee 3
152 Dirksen Senate Office Building
United States Senate

5475

(202) 224-5225

From: (b) (7)(C)

Sent: Friday, April 08, 2011 1:41 PM

To: (b) (7)(C)

CC: (b) (7)(C)

Subject: RE: "testimonies" Document Request attached...mario will send "public documents"

Attachments: 09-03-17HooverPlacidoTestimony.pdf; William_Newell2_03_24_09.pdf; William_Newell_03_24_09.pdf; 032509Ogden[1].pdf; ct032709.pdf

Testimonies Relevant To Project Gunrunner

1. "Law Enforcement Response to Mexican Drugs Cartel," Panels I and II, Joint Hearing of the Crimes and Drugs Subcommittee of the Senate Judiciary Committee and the Senate Caucus on Int'l Narcotics Control, March 17, 2009
<http://judiciary.senate.gov/hearings/hearing.cfm?id=3718>
2. William Hoover, Assistant Director for Field Operations, ATF, before the Committee on the Judiciary Subcommittee on Crime and Drugs, U.S. Senate, concerning "Law Enforcement Responses to Mexican Drug Cartels" (March 17, 2009)
<http://judiciary.senate.gov/pdf/09-03-17HooverPlacidoTestimony.pdf>
3. U.S. House of Representatives, Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009
http://democrats.appropriations.house.gov/index.php?option=com_jcalpro&Itemid=137&extmode=view&extid=1280
http://democrats.appropriations.house.gov/images/stories/pdf/cjs/William_Newell_03_24_09.pdf
http://democrats.appropriations.house.gov/images/stories/pdf/cjs/William_Newell2_03_24_09.pdf
4. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Panels I and II, Senate Homeland Security and Governmental Affairs Committee, March 25, 2009
http://hsgac.senate.gov/public/index.cfm?FuseAction=Hearings.Hearing&Hearing_ID=c90839b0-9167-4819-b943-332988b403b1
DOJ witness: David Ogden attached
5. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Foreign Relations Committee, March 30, 2009
<http://www.justice.gov/dea/pubs/cngrtest/ct032709.pdf>
6. "Examining Preparedness and Coordination Efforts of First Responders Along the Southwest Border," House Homeland Security, Subcommittee on Emergency Communications, Preparedness, March 31, 2009
No DOJ witness: hearing link below

7. "Department of Justice," House Committee on Appropriations, April 23, 2009

Can find will keep looking and get back to you shortly....

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From: (b) (7)(C)
Sent: Friday, April 08, 2011 12:22 PM
To: (b) (7)(C)
Cc: (b) (7)(C)
Subject: FW: Document Request

I need this completed ASAP (see (b) (7)(C) request below). I am attaching docs 8-10. Please search and save the rest of them and get them to (b) (7)(C) ASAP.

(b) (7)(C)
DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
Chief - Office of Legislative Affairs
(b) (7)(C) (mobile1)
(b) (7)(C) (mobile2)
202.648.(b) (7)(C) (office)
202.648.9708 (fax)

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From: (b) (7)(C)
Sent: Friday, April 08, 2011 11:26 AM

To: (b) (7)(C)
Subject: Document Request

(b) (7)(C)

Do you guys have someone who can find electronic copies of the documents listed below? All were referenced in the OIG Reports on Gunrunner and DOJ wants to produce them to the Committee. Need help fast please.

Public Documents Referenced in the Office of The Inspector General's Reports on Project Gunrunner
ATF website and ATF "Fact Sheet: Project Gunrunner" (September 2008).

Department Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels (April 2, 2009).

Department of Justice press release, Justice Department Announces Success in Battle Against Firearms Trafficking and Recovery Act Funds to Build on Project Gunrunner (October 1, 2009).

Testimonies Relevant To Project Gunrunner

8. "Law Enforcement Response to Mexican Drugs Cartel," Panels I and II, Joint Hearing of the Crimes and Drugs Subcommittee of the Senate Judiciary Committee and the Senate Caucus on Int'l Narcotics Control, March 17, 2009
9. William Hoover, Assistant Director for Field Operations, ATF, before the Committee on the Judiciary Subcommittee on Crime and Drugs, U.S. Senate, concerning "Law Enforcement Responses to Mexican Drug Cartels" (March 17, 2009)
10. U.S. House of Representatives, Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009
11. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Panels I and II, Senate Homeland Security and Governmental Affairs Committee, March 25, 2009
12. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Foreign Relations Committee, March 30, 2009
13. "Examining Preparedness and Coordination Efforts of First Responders Along the Southwest Border," House Homeland Security, Subcommittee on Emergency Communications, Preparedness, March 31, 2009
14. "Department of Justice," House Committee on Appropriations, April 23, 2009
15. "Escalating Violence in Mexico and the Southwest border as a Result of Mexican Drug Trade," House Judiciary, Subcommittee on Crime, May 6, 2009
16. "Southern Border Violence: State and Local Perspectives," Senate Committee on Homeland Security, April 20, 2009; "Rise of Mexican Drug Cartels and US National Security," House Committee on Oversight and Government Reform, July 9, 2009
17. "Combating Border Violence: The Role of Interagency Cooperation in Investigations," House Homeland Security, Subcommittee on Border, July 16, 2009
18. William McMahon, Deputy Assistant Director for Field Operations, ATF, before the Committee on Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism, U.S. House of Representatives, concerning "Combating Border Violence: The Role of Interagency Coordination in Investigations" (July 16, 2009), homeland.house.gov/Hearings/index.asp?ID=205

(b) (7)(C)
Acting Chief of Staff
Office of the Director
O: 202-648-(b) (7)(C)
C:(b) (7)(C)
HQ Room 5 S 100

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Department of Justice

STATEMENT OF

DAVID OGDEN
DEPUTY ATTORNEY GENERAL
UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

UNITED STATES SENATE
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS

HEARING ENTITLED

“SOUTHERN BORDER VIOLENCE: HOMELAND SECURITY
THREATS, VULNERABILITIES, AND RESPONSIBILITIES”

PRESENTED

MARCH 25, 2009

Chairman Lieberman, Senator Collins and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the Department of Justice's (the Department) role in addressing the alarming rise of violence perpetrated by warring Mexican drug trafficking organizations in Mexico and the effects of that violence on the United States, particularly along our Southwest Border. I want to share with you the Department's strategy systematically to dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries.

Overview of Department of Justice's Mexico and Border Strategy

The explosion of violence along the Southwest border is being caused by a limited number of large, sophisticated and vicious criminal organizations, not by individual drug traffickers acting in isolation. Indeed, the Department's National Drug Intelligence Center has identified the Mexican drug trafficking organizations (DTOs) as the greatest organized crime threat facing the United States today. That insight drives our response. There is much to do and much to improve upon. But the Department's strategy – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. government agencies like the Departments of State and Homeland Security and with the

full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements. *First*, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product systematically to direct operations in the United States and assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. *Second*, led by experienced prosecutors, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and financial assets of the cartels will undermine the entire organizations. *Third*, the Department pursues investigations and prosecutions related to the smuggling of guns, cash, and contraband for drug-making facilities from the United States into Mexico. The violence and corruption in Mexico are fueled by these resources that come from our side of the border. *Fourth*, the Department uses traditional law enforcement approaches to address spillover effects of cartel violence in the United States. These effects include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. *Fifth*, the Department prosecutes criminals responsible for the smuggling, kidnapping and violence in federal court. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

Attorney General Holder and I are committed to taking advantage of all available Department resources to target, disrupt, and dismantle the Mexican cartels. Last month, the Attorney General announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort that began in May 2007 and targeted the Mexican drug trafficking organization known as the Sinaloa Cartel. This Cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies--along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States--delivered a significant blow to the Sinaloa Cartel. In addition to the arrests, authorities seized over \$59 million in U.S. Currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 169 weapons, 3 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of weapons and \$71 million in currency. Perhaps most importantly, Project Reckoning led to the indictment against a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning were tremendous successes in the U.S. government's battle against the Mexican cartels and illustrate the strengths of the Department's strategy. These operations applied the classic law enforcement tools that the Department has successfully wielded against other large and sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, multi-national. They reflected multi-agency efforts. Although both were led by the Drug Enforcement Administration (DEA), the Department worked closely with the Department of Homeland Security and included the active participation of the Federal Bureau of Investigation (FBI), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service (USMS), Immigration and Customs Enforcement (ICE), U.S. Customs and Border Protection (CBP), and the Internal Revenue Service (IRS). In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. And these multi-year investigations will result in federal prosecutions in numerous states by various U.S. Attorneys' Offices and the Criminal Division's Narcotics and Dangerous Drug Section.

We believe that we have the right strategy for stopping the violence spawned by the cartels. But despite recent successes, we also recognize that we have much more work to do to implement it effectively. The cartels remain too powerful and able to move too many drugs into the United States. Too many guns and too much cash are moving south across the border into Mexico, where they fuel the cycle of violence. As a result,

the Attorney General and I are working to allocate additional resources to address this threat.

The Dimensions of the Current Threat

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to 6,200 murders. Almost 10 percent of the murders in 2008 involved law enforcement officers or military personnel. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies -- primarily in Mexico but increasingly in U.S. communities as well. Although violence in Mexico has existed over the years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the government's vigorous counter-drug efforts. Traffickers have made a concerted effort to send a public message through their bloody campaign of violence by leaving the bodies of their tortured victims out for public display to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Felipe Calderon and Attorney General Eduardo Medina-Mora took office in 2006, and with support from the United States, the Government of Mexico

undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and cash. Mexican law enforcement agencies have arrested many high level drug cartel members who are then being extradited to face prosecution in the United States in record numbers. This unprecedented pressure from the Government of Mexico has led to the increased violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest border.

The violence in Mexico has direct and serious effects in the United States. According to the *2009 National Drug Threat Assessment (NDTA)* by the Department's National Drug Intelligence Center, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian drug trafficking organizations generate and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is believed to be smuggled in bulk across the border back into Mexico; this cash further fuels the drug trade and its attendant violence. Similarly, firearms trafficking from the United States to Mexico contributes to escalating levels of violence on both sides of the border, as groups armed with military weapons and U.S.-based gangs serve as enforcement arms of the Mexican drug cartels. According to ATF's Tracing Center, 90 percent of the firearms about which ATF receives information are traceable to the United States.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General's Consolidated Priority Organization Target (CPOT) list of international "Most Wanted" drug kingpins. Of the approximately 50 worldwide cartels currently on the list, 19 of them are Mexican enterprises. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads two multi-agency intelligence centers and an operational center that provide tactical and operational support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) is led by the DEA with participation of more than 20 agencies. It provides critical, case-specific tactical intelligence. For example, if a

highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver or passengers that can be provided in real time. EPIC focuses specifically on the Southwest border but tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest border. The FBI will shortly join the facility through a Southwest Intelligence Group (SWIG), which will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity.

The Special Operations Division (SOD) is a DEA-led multi-agency operational center, but its functions go beyond the gathering and processing of intelligence. The SOD provides strategic support and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. It targets the command and control communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level. Operation Xcellerator was initiated as a SOD investigation. The transnational nature of narcotics trafficking results in numerous agencies from Federal, State and Local departments involved in the fight to stop the flow of narcotics into our communities. Working through the Organized Crime Drug Enforcement Task Force Fusion Center, SOD serves a critical role in the de-confliction of investigative efforts to prevent the occurrence of law enforcement from targeting one another.

The Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, an intelligence center co-located with SOD, is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, National Drug Intelligence Center (NDIC), EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. Like the SOD, it provides critical support for long-term and large-scale investigations. It conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations. The Fusion Center passes actionable leads to field investigative units.

Focused Law Enforcement Initiatives

The Department's efforts are focused on three underlying aspects of the problem: drugs, guns, and cash; and are part of an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

1. Movement of Drugs

DEA has the largest U.S. drug enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources at the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico supports and/or facilitates operations by both the Mexican Federal Police and Military Special Forces to locate and capture cartel leaders

and their associates. Project Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units (SIU), elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations, resulting in trusted counterparts throughout Mexico.

DEA also targets the cartels through its “Drug Flow Attack Strategy” (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major drug trafficking organizations. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with the Department of Homeland Security and other federal agencies on EPIC’s “Gatekeeper Initiative.” A “Gatekeeper” is a person or group whose role is “to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative, combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the U.S. Marshals, IRS, ICE, ATF, and CBP to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the

Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with the Department of Homeland Security to implement its “License Plate Reader Initiative” in the Southwest border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. This information is then compared with DEA and CBP databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico.

2. Trafficking of Guns

Given its statutory mission and authority, ATF is principally responsible for stopping the flow of weapons from the United States south to the cartels. Merely seizing firearms through interdiction will not, by itself, stop firearms trafficking to Mexico. ATF, in collaboration with other law enforcement entities, seeks to identify, investigate, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF’s comprehensive strategy to combat firearms-related violence by the cartels along the Southwest border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry

operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. Since 2007, ATF has inspected approximately 95 percent of the FFLs in the region.

Congress has recently allocated an additional \$15 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with Special Agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance that represents a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the weapons of choice for drug cartels. In addition, the funds will be used to send additional Special Agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest border. When a firearm is traced, specific identifying information – including the make, model, and serial number – is entered in the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. Without tracing data, federal officials would be forced to rely solely on interdiction efforts to gain investigative leads, an often ineffective use of federal resources. As part of the Mérida Initiative, discussed below, ATF received \$4.5 million to initiate a Spanish version of ATF's e-trace to Mexico. ATF is working with Mexican officials to increase

their current usage of the gun tracing system, with deployment to nine U.S. consulates in Mexico set for December of this year.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to take their assets too. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican drug trafficking organizations.

For example, the Department has established a “Bulk Currency Money Laundering Initiative,” which investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, the National Drug Intelligence Center estimates that Mexican DTOs generate approximately \$17-\$38 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled cash. Again we have worked in partnership with the Department of Homeland Security, the component agencies of which have primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies’ efforts through coordination and cooperative investigation. Federal

agencies currently participating in this initiative include ATF, DEA, FBI, ICE, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion were forfeited under the Department of Justice Asset forfeiture program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed below, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities involving narcotics trafficking, gun-smuggling, violent crimes, and immigration offenses. Each of the Southwest Border United States Attorneys' offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorneys' offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited in January 2007. Last December, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel wanted by the DEA. Last month Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. (Caro-Quintero is also the younger brother of Rafael Caro-Quintero who was the mastermind behind the kidnapping, torture, and murder of DEA Special Agent Enrique "Kiki" Camarena in 1985.) Just last week, the Mexican government announced the arrest of Vincente Zambada, a top Sinaloa cartel leader, who has been indicted on federal narcotics charges in the U.S.

To build on these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Divisions Office of International Affairs (OIA), which will focus on mutual legal assistance to other countries. The Unit will expand the current level of cooperation with our foreign

counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, we have much work to do to implement it effectively to combat the Mexican cartels. The Department has taken the following steps to buttress our law enforcement resources along the Southwest border.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams (METs) to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest border field divisions. 29 percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest border within the next 45 days.** ATF is redeploying 100 employees, including 72 agents, under Project Gunrunner, primarily to Houston and South Texas based on ATF intelligence on drug trafficking patterns. The FY 2009 budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, TX; El Centro, CA; and Las Cruces, NM), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to

provide direct support to Mexican officials on firearms-trafficking-related issues.

ATF will also open new Gunrunner field offices in Phoenix, AZ and Houston, TX under the FY2009 Budget and will add 30 additional ATF personnel in those areas.

- **OCDETF is adding to its Strike Force capacity along the Southwest border:**

OCDETF is expanding the staffing of its joint interagency Strike Forces along the Southwest Border (in San Diego and Houston); within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and placing an intelligence analyst team from the National Drug Intelligence Center with each Strike Force, following a model currently in place with the Houston Strike Force. The Department intends to roll out additional teams across the Southwest Border.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on Organized Crime and Drug Enforcement Task Forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of our border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to

immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.

- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$30 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.
- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, TX this summer on illegal straw purchasing. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

The Mérida Initiative

Let me conclude with a brief mention of the Mérida Initiative. The Department strongly supports the Mérida Initiative, which provides an unprecedented opportunity for a highly coordinated, effective bilateral response to criminal activity on our Southwest border. The Department has been and continues to be actively involved in the Mérida Initiative planning and implementation both on an interagency and bilateral basis. One of the first Mérida Initiative programs in Mexico is a ministerial level Strategy Session on Arms Trafficking, funded by the government of Mexico and the U.S. State Department, and developed and designed by the Department in conjunction with DHS and the U.S. Embassy in Mexico City, to be held in Mexico on April 1 and 2. Attorney General Holder

and Secretary Napolitano are scheduled to attend, joining their Mexican counterparts for the second day of the conference.

The Department's Criminal Division and law enforcement agencies already are working with our Mexican counterparts to enhance and strengthen Mexico's operational capacities to effectively combat narco-trafficking, firearms trafficking and other organized criminal enterprises, including trafficking in persons. The Mérida Initiative provides increased support for our joint efforts with Mexico in these and other areas of mutual concern. These efforts have focused on the development of intelligence-based targeting and prosecutor-led multi-agency task forces, collection of evidence, and extradition. The Department has been and continues to be an active participant and partner in the Mérida Initiative interagency planning and implementation both in Washington DC and as an integral member of the country team at Embassy Mexico City.

Conclusion

Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest border, as well as our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous weapons – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.



Department of Justice

STATEMENT OF

**WILLIAM HOOVER
ASSISTANT DIRECTOR FOR FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
UNITED STATES DEPARTMENT OF JUSTICE**

AND

**ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE DIVISION
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE**

BEFORE THE

**UNITED STATES SENATE
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME AND DRUGS**

CONCERNING

“LAW ENFORCEMENT RESPONSES TO MEXICAN DRUG CARTELS”

PRESENTED

MARCH 17, 2009

Chairman Durbin, Senator Graham and distinguished Members of the Subcommittee, the Department of Justice (the Department) is honored to appear before you today to discuss the Department's ongoing role in breaking the power and impunity of the Mexico-based criminal organizations that supply illicit drugs to the U.S., smuggle firearms from the U.S. into Mexico, and carry out unprecedented violence in Mexico and along the border.

No other country in the world has a greater impact on the drug situation in the United States than does Mexico: the result of a shared border, Mexico's strategic location between drug producing and consuming countries, and a long history of criminal enterprises with diversified poly-drug profit-minded approaches that specialize in cross-border smuggling. All four major drugs of abuse, cocaine, heroin, cannabis, and methamphetamine, are either produced in, or are transshipped through Mexico before reaching the United States. Mexico is an opium poppy-cultivating/heroin-producing country and nearly all of the heroin produced in Mexico is destined for the U.S. It is believed to be the number one foreign supplier of marijuana abused in the United States and marijuana is the top revenue generator for Mexican drug trafficking organizations; these proceeds are used to purchase weapons and corrupt public officials. Most foreign-produced methamphetamine enters the United States through Mexico. Although the Mexican government has made enormous strides in controlling the importation of the methamphetamine precursor chemicals, Mexican methamphetamine trafficking organizations are proving to be extremely resourceful in circumventing the strict regulatory measures put in place by the Calderon Administration. Moreover, upwards of

90 percent of the cocaine abused in the U.S. transits Mexico. Mexican traffickers dominate the retail distribution markets for all of the aforementioned drugs within the U.S. It is important to point out that they exploit the very same routes, methods and procedures that they use to smuggle drugs into the U.S. to move the bulk cash proceeds from the sale of drugs, as well as weapons and ammunition, back into Mexico.

That violence, which is fueled by Mexico's drug cartels, poses a serious challenge for U.S. and Mexican law enforcement and threatens the safety of innocent citizens on both sides of the border. Reports indicate that the drug war has left more than 6,000 dead last year and more than 1,000 dead so far this year. By far, most of the killings are trafficker on trafficker murders; however, some innocents have been caught in the crossfire. The violence also has been directed against law enforcement personnel, political leaders, and the press. The U.S Department of State has cautioned U.S. citizens who work and travel in Mexico to be wary of the ongoing danger in particular areas. Mexican President Felipe Calderon and Mexican Attorney General Eduardo Medina Mora have identified cartel-related violence as a top security priority and proclaimed the illegal trafficking of U.S.-source firearms to be the "number one" crime problem affecting the security of Mexico. Almost immediately following his inauguration as President of Mexico in December 2006, President Calderon, of his own volition, initiated a comprehensive program to break the power and impunity of the drug cartels. As a direct consequence of this effort, there has been a sharp spike in murders and violent crimes in Mexico, generating significant concern that cartel violence has escalated to the

level of an attack on the Mexican government itself and that this violence would spill over our Southwest border with adverse consequences to U.S. interests.

The increased level of violence that currently plagues Mexico represents, in large measure, a desperate attempt by drug traffickers to resist the sustained efforts of a very determined Mexican Administration. Since the Calderon Administration assumed power, the Government of Mexico has made record closures of clandestine laboratories and made record seizures of drugs, weapons and cash. They have arrested large numbers of defendants, including high level representatives of all of the major Mexican Cartels and, in unprecedented fashion, extradited more than 178 of these defendants to face prosecution in the U.S. Beginning in January 2007, immediately after the Calderon government was installed, the price per gram of cocaine in the United States began to rise, with a correlative drop in cocaine purity. We are now in a 24-month sustained period of declining purity and increasing price in nearly every major cocaine market in the United States and have seen that price more than double and purity fall by almost 35 percent.

The Department believes the Government of Mexico has demonstrated remarkable commitment and resolve. As a result of Mexico's efforts together with efforts undertaken by the various Department components and the interagency domestically and by our partners throughout the region, Mexican drug trafficking organizations have been placed under unprecedented stress. We are mindful, however, that success against these powerful criminal adversaries is far from assured and the

consequences of transnational criminals prevailing in their bloody conflict with the Calderon Administration would pose serious consequences for the safety and security of citizens on both sides of our Southwest border. As we sit before you today, the U.S. has seized this historic opportunity to collaborate with Mexico. Through the Merida Initiative and the funding provided by the U.S. Congress our Mexican counterparts have additional resources to protect the safety and security its citizens and to mount aggressive enforcement actions against the drug cartels.

An Associated Press article appearing in the Washington Post on March 5, 2009, reported that American professionals living along the border, including doctors, lawyers and factory owners, who routinely travel across the border, feel so threatened by the murders and kidnappings that they are having armor plating and bullet-proof glass installed in their cars and pickup trucks. According to the Washington Post, one San Antonio company specializing in bulletproofing cars says that it expects a 50 percent increase in business this year. Clearly we need to take action now to protect our citizens and their property from harm. While it may seem counterintuitive, the extraordinary level of violence in Mexico is another signpost of successful law-and-order campaigns by military and law enforcement officials in Mexico.

Because of the enormous profit potential, violence has always been associated with the Mexican drug trade as criminal syndicates seek to control this lucrative endeavor. The violence in Mexico can be organized into three broad categories: intra-cartel violence that occurs among and between members of the same criminal syndicate,

inter-cartel violence among and between rival cartels, and cartel versus government violence. It is significant to note that intra- and inter-cartel violence have always been associated with the Mexican drug trade. The Department assesses that the current surge in violence is driven in large measure by the Government of Mexico's offensive actions against the traffickers, who in turn perceive they are fighting one another for an increased share of a shrinking market.

ATF EXPERTISE

For over 30 years the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of firearms and explosives. ATF is responsible for both regulating the firearms and explosives industries and enforcing criminal laws relating to those commodities and has the experience, expertise, tools, and commitment to investigate and disrupt groups and individuals who obtain guns in the U.S. and illegally traffic them into Mexico in facilitation of the drug trade.

The synergy of ATF's crime-fighting expertise, regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout the nation. For instance, from Fiscal Year 2004 through February 17th of this year, Project Gunrunner – ATF's strategy for disrupting the flow of firearms to Mexico – has referred for prosecution 795 cases involving 1,658 defendants;

those cases include 382 firearms trafficking cases involving 1,035 defendants and more than 12,800 guns.

Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis and 59 industry operations investigators (IOIs) responsible for conducting regulatory inspections of federally licensed gun dealers, known as Federal Firearms Licensees (FFLs), along the Southwest border.

As the sole agency that regulates FFLs—roughly 6,700 of which are along the Southwest border—ATF has the statutory authority to inspect the records of licensees, examine those records for firearms trafficking trends and patterns, and revoke the licenses of those who are complicit in firearm trafficking. As part of Project Gunrunner, IOIs work to identify and prioritize for inspection those FFLs with a history of noncompliance that represents a risk to public safety. They also focus on those primary retailers and pawnbrokers who sell the weapons of choice that are the preferred firearms being trafficked in this region. Moreover, utilizing ATF trace data analyses, IOIs prioritize for inspection those FFLs with numerous unsuccessful traces and a large volume of firearms recoveries in the targeted high-crime areas. This focused inspection effort assists in the identification and investigation of straw purchasers and the traffickers who employ them. In FY 2007, ATF inspected 1,775 of FFLs along the border and, in FY 2008, inspected 1,884. In addition to inspections, the IOIs work to improve relations with firearms industry members, enhance voluntary compliance, and promote licensees’

assistance in preventing firearms diversion by conducting training and outreach activities with FFLs in the targeted areas.

Admittedly, more can and should be done to stop the flow of weapons from the United States into Mexico. It is an undisputable fact that the weapons and firearms used to fuel the drug-related violence in Mexico can be traced back to guns procured legally or illegally here. ATF is aggressively working to keep weapons out of the hands of the cartels and other dangerous criminals in Mexico by adding additional Special Agents and other personnel to disrupt firearms trafficking networks, increasing our oversight of the federal firearms licensees along the border, and improving the coordination of firearms trafficking information amongst federal, state, and local law enforcement agencies stationed along the border.

DEA EXPERTISE

The Drug Enforcement Administration (DEA) has a large international presence. With eleven offices in Mexico, and a decades-long history of working with the Mexican government, DEA has an excellent vantage point from which to assess the drug trafficking situation in Mexico, the related violence, its causes, and its historical context. In collaboration with Mexican law enforcement, DEA is actively working to systematically dismantle the cartels. Shortly after Congress approved the Sensitive Investigative Unit (SIU) program in 1996, the Mexico City SIU was established, and DEA now works closely with a number of trusted counterparts throughout the country. Our SIU counterparts have undergone a rigorous vetting process, to include robust

background investigations and polygraph examinations. DEA works closely with these vetted units to collect and analyze sensitive law enforcement information and to further the case development against, and the prosecution of, major drug trafficking organizations. Working with our Mexican counterparts, DEA and U.S. interagency partnerships have taken the offensive against Mexico-based cartels on their own turf and sought to systematically identify and dismantle U.S. based cells of these Mexican cartels. Project Reckoning and Operation Xcelerator are recent examples of this U.S.-Mexico collaboration. Both Projects were investigated and prosecuted in multiple Organized Crime Drug Enforcement Task Forces (OCDETF) cases, involving DEA and other OCDETF investigative agencies, numerous United States Attorney's Offices, and the Department's Criminal Division.

Project Reckoning was a 15-month operation targeting the Gulf Cartel and remains one of the largest, most successful joint law enforcement efforts ever undertaken between the U.S. and Mexico. Because of intelligence and evidence derived from Project Reckoning, during 2008 the U.S. was able to secure indictments against the Gulf Cartel "triumvirate" of Ezekiel Antonio Cardenas-Guillen (brother of extradited Kingpin Osiel Cardenas-Guillen), Eduardo Costilla-Sanchez, and Heriberto Lazcano-Lazcano, head of Los Zetas. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, including 175 active Gulf Cartel/Los Zetas members, thousands of pounds of methamphetamine, tens of thousands of pounds of marijuana, nearly 20,000 kilograms of cocaine, hundreds of weapons, and \$71 million. Operation Xcellerator began in May 2007 from an investigation in Imperial County, California and targeted the Sinaloa

Cartel. Operation Xcellerator was recently concluded and resulted in over 750 arrests, multi-drug seizures running to the tens of thousands of pounds, aircraft and maritime vessel seizures, and over \$59 million in seized currency. While these operations are intended to break the power and impunity of the cartels, in the short term they also exacerbate the violence in Mexico. The aforementioned Operations and Projects are by no means complete. These examples represent ongoing efforts that will continue, with as many iterations as are necessary, to cripple and destroy the Mexico-based drug cartels.

Defining the Problem

The southwest border is the principal arrival zone for most illicit drugs trafficked into the U.S., as well as the predominant staging area for the subsequent distribution of these drugs throughout the U.S. Guns are an integral part of these criminal enterprises; they are the “tools of the trade.” Drug traffickers routinely use firearms against each other and have used these weapons against the Mexican military, law enforcement officials, and Mexican civilians. Because firearms are not readily available in Mexico, drug traffickers have aggressively turned to the U.S. as their primary source. Firearms are routinely being transported from the U.S. into Mexico in violation of both U.S. and Mexican law. In fact, according to ATF’s National Tracing Center, 90 percent of the weapons that could be traced were determined to have originated from various sources within the U.S. One thing must remain clear in any discussion of violence in Mexico, or violence practiced by Mexican traffickers operating in the U.S.: drug gangs are inherently violent, and nowhere is this more true than in Mexico, where “Wild West”-

style shootouts between the criminals and the cops, and elements of opposing trafficking groups are unfortunately considered normal.

To elaborate, the rising incidences of trafficking U.S.-sourced firearms into Mexico is influenced by a number of factors, including increased demand for firearms by drug trafficking organizations, and the strictly regulated and generally prohibited possession and manufacturing of firearms in Mexico. Remarkable amounts of cash are accumulated on the U.S. side of the border and it is believed that, in certain cases, it is used to procure firearms and ammunition that eventually makes their way south to Mexico. Weapons sources typically include secondary markets, such as gun shows and flea markets since—depending on State law—the private sale of firearms at those venues often does not require background checks prior to the sale or record keeping.

A comprehensive analysis of firearms trace data over the past three years indicates that Texas, Arizona and California are the three largest source States, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, Mexico submitted approximately 1,112 guns for tracing that originated in Texas, Arizona and California. The remaining 47 States accounted for 435 traces in FY 2007.

It should be noted, though, that while the greatest proportion of firearms trafficked to Mexico originate out of the U.S. along the southwest border, based on successful traces, ATF trace data has established that drug traffickers are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State. A case from April 2008 involving the Arellano Felix Drug Trafficking

Organization illustrates this point. A violent dispute between elements of this drug trafficking organization left 13 members dead and 5 wounded. ATF assisted Mexican authorities in tracing 60 firearms recovered at the crime scene in Tijuana. As a result, leads have been forward to ATF field divisions in Denver, Houston, Los Angeles, Philadelphia, Phoenix, San Francisco and Seattle.

In addition, drug traffickers frequently resort to using “straw purchasers” to gain firearms from federally licensed gun dealers in the U.S., dealers who often are unwitting participants in these schemes. Straw purchases refer to instances wherein an individual purchases a firearm for someone who is either prohibited by law from possessing one, such as a convicted felon, or who does not want his or her name associated with the transaction. In other words, a straw purchase when someone poses as the buyer of a firearm although that person is not the true purchaser and is doing so for someone else who wishes or needs to the law and the creation of a paper trail.

Until recently drug traffickers’ “weapon of choice” had been .38 caliber handguns. However, they now have developed a preference for higher quality, more powerful weapons, such as .223 and 7.62x39mm caliber rifles, 5.7x28 caliber rifles and pistols, and .50 caliber rifles; each of these types of weapons has been seized by ATF in route to Mexico. ATF also has seized large quantities of ammunition for use in these firearms. Drug trafficker’s taste for high-power weaponry is evidenced by a joint ATF, FBI and Tucson Police Department investigation in April 2006. That effort led to the arrest of three members of the aforementioned Arellano Felix Organization for attempting to purchase machineguns and hand grenades from undercover agents. One

individual, a Mexican citizen, was sentenced to 70 months in Federal prison while the other two, both U.S. citizens, were sentenced to 87 months. This case demonstrates that drug traffickers are known to supplement their firearms cache with explosives. ATF's expertise with explosives has proven to be another valuable asset to use in the fight against drug cartels. For the past 18 months ATF has been working closely with Mexican law enforcement and military personnel by quickly responding to grenade seizures in Mexico in order to positively identify and trace these explosives. Unfortunately, in the past six months we have noted a troubling increase in the number of grenades, which are illegal to possess and sell, seized from or used by drug traffickers, and we are concerned about the possibility of explosives-related violence spilling into U.S. border towns.

The brutality and ruthlessness of the violence is appalling—we cringe at news stories detailing the arrest of the “pozolero” (stew-maker), a killer who disposes of his victims' body parts in barrels of acid, or the discovery of a mass grave containing the remains of countless victims decomposing under a layer of lime. But these and other gruesome tactics are not new. Both new and disturbing however, are the sustained efforts of Mexican drug trafficking organizations to use violence as a tool to undermine public support for the government's counter-drug efforts, intentionally displaying the beheaded and mutilated bodies of their victims with messages that threaten even greater violence.

In 2007, the number of drug-related killings in Mexico doubled from the previous year. Of the 2,471 (source: PGR) drug-related homicides committed in that year, law enforcement and intelligence sources estimate that around 10 percent were killings of law

enforcement or military personnel. Just over 8 percent of the 6,263 drug-related killings in 2008 were of law enforcement or military officials. Since January 2009, approximately 1,000 people have been murdered in Mexico, about 10 percent of whom have been security officers or public officials.

Particularly worrisome are those tactics intended to intimidate police and public officials creating in some cases defections from police organizations – at times with former police officials seeking asylum and protection in the U.S. As disturbing as these tactics are, they do not appear to be having any impact on staffing of the federal police or military that are the primary tools in the Calderon Administration's offensive. Although Calderon currently enjoys a high level of public support, as does his crack down against the traffickers, DEA assesses that the Calderon Administration is not only fighting a formidable adversary in the traffickers, it is also fighting to maintain the public's support and its resolve against the horrific intimidation tactics of the traffickers. In the case of President Calderon's government, the evidence shows that they will not waver even in the face of the most horrific acts of violence.

The Way Forward

Through its experience with combating violent crime along the southwest border and around the world, the Department has learned that interagency and international collaboration and coordination is fundamental to our success. We must sustain the positive momentum achieved to date by supporting President Calderon's heroic efforts against organized crime. We must also manage expectations, as we anticipate that the

gruesome violence in Mexico may get worse as the Mexican Government increases its efforts against the cartels. We must recognize that we are witnessing acts of desperation: the actions of wounded, vulnerable and dangerous criminal organizations. We remain committed to working with our U.S. law enforcement and intelligence partners as well, to stem the flow of bulk cash and weapons south, while also working to sustain the disruption of drug transportation routes northward.

Bringing to the criminal and civil justice system of the U.S., or any other competent jurisdiction, those organizations and principal members of organizations involved in the cultivation, manufacture, and distribution of controlled substances appearing in or destined for trafficking in the U.S. is of foremost importance. Continuing to identify, investigate and eliminate the sources of and networks for transporting illicitly trafficked firearms also remains an important focus.

The El Paso Intelligence Center, the central repository and clearinghouse for all weapons-related intelligence collected and developed by all federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S.-Mexico border is an important tool in the Department's work to cease border violence. Another important tool is the OCDETF Fusion Center (OFC), a comprehensive data center containing all drug intelligence information from six OCDETF federal member investigative agencies, the National Drug Intelligence Center (NDIC), EPIC, and other agencies with relevant information. The OFC conducts cross-agency integration and analysis of drug and related data to create comprehensive intelligence pictures of

targeted organizations, including those identified on the Attorney General's Consolidated Priority Organization Target (CPOT) List, which identifies the most significant drug trafficking organizations in the world that impact the U.S. drug supply. These fused-intelligence analytical products result in the development of actionable leads, which are passed to OCDETF participants in the field through the multi-agency Special Operations Division (SOD), ultimately resulting in the development of coordinated, multijurisdictional OCDETF investigations of the most significant drug trafficking networks. Using these tools, the Department swiftly relays intelligence about potential threats to the agencies that are responsible for serving as first-line defenders.

Internationally, the Department enjoys a strong collaborative relationship with law enforcement and other government agencies within Mexico and throughout the world. The Department would not have achieved the success it has without the remarkable support and courageous actions of the Mexican government. The daily challenges posed by drug trafficking organizations in the U.S. and Mexico are significant, but are overshadowed of late by a very specific set of challenges: ensuring that the violence in Mexico does not spill over our border; closely monitoring the security situation in Mexico; and, perhaps most importantly, lending our assistance and support to the Calderon Administration to ensure its continued success against the ruthless and powerful cartels.

Conclusion

Chairman Durbin, Senator Graham, distinguish Members of the Subcommittee, on behalf of the men and women of the Department, I thank you and your staffs for your

support of our crucial work. We recognize and are grateful for your commitment and contributions to the law enforcement community. With the backing of this Subcommittee, the Department can continue to build on our accomplishments, making our nation even more secure. We look forward to working with you in pursuit of our shared goals and will be happy to answer any questions that you may have.



Department of Justice

STATEMENT OF

**JOSEPH M. ARABIT
SPECIAL AGENT IN CHARGE
EL PASO DIVISION
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE**

AND

**WILLIAM McMAHON
DEPUTY ASSISTANT DIRECTOR
FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
UNITED STATES DEPARTMENT OF JUSTICE**

BEFORE THE

**UNITED STATES SENATE
COMMITTEE ON FOREIGN RELATIONS**

HEARING ENTITLED

**“SOUTHERN BORDER VIOLENCE: HOMELAND SECURITY
THREATS, VULNERABILITIES, AND RESPONSIBILITIES”**

PRESENTED

MARCH 30, 2009

Chairman Kerry, Senator Lugar and Members of the Committee, we appreciate the opportunity to appear before you today to discuss the Department of Justice's (the Department) role in addressing the alarming rise of violence perpetrated by warring Mexican drug trafficking organizations in Mexico and the effects of that violence on the United States, particularly along our Southwest Border. We want to share with you the Department's strategy systematically to dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries.

Overview of Department of Justice's Mexico and Border Strategy

The explosion of violence along the Southwest border is being caused by a limited number of large, sophisticated and vicious criminal organizations, not by individual drug traffickers acting in isolation. Indeed, the Department's National Drug Intelligence Center has identified the Mexican drug trafficking organizations (DTOs) as the greatest organized crime threat facing the United States today. That insight drives our response. There is much to do and much to improve upon. But the Department's strategy – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. government agencies like the Departments of State and Homeland Security and with the

full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements. *First*, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product systematically to direct operations in the United States and assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. *Second*, led by experienced prosecutors, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and financial assets of the cartels will undermine the entire organizations. *Third*, the Department pursues investigations and prosecutions related to the smuggling of guns, cash, and contraband for drug-making facilities from the United States into Mexico. The violence and corruption in Mexico are fueled by these resources that come from our side of the border. *Fourth*, the Department uses traditional law enforcement approaches to address spillover effects of cartel violence in the United States. These effects include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. *Fifth*, the Department prosecutes criminals responsible for the smuggling, kidnapping and violence in federal court. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

Attorney General Holder is committed to taking advantage of all available Department resources to target, disrupt, and dismantle the Mexican cartels. Last month, the Attorney General announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort that began in May 2007 and targeted the Mexican drug trafficking organization known as the Sinaloa Cartel. This Cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies--along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States--delivered a significant blow to the Sinaloa Cartel. In addition to the arrests, authorities seized over \$59 million in U.S. Currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 169 weapons, 3 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of weapons and \$71 million in currency. Perhaps most importantly, Project Reckoning led to the indictment against a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning were tremendous successes in the U.S. government's battle against the Mexican cartels and illustrate the strengths of the Department's strategy. These operations applied the classic law enforcement tools that the Department has successfully wielded against other large and sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, multi-national. They reflected multi-agency efforts. Although both were led by the Drug Enforcement Administration (DEA), the Department worked closely with the Department of Homeland Security and included the active participation of the Federal Bureau of Investigation (FBI), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service (USMS), Immigration and Customs Enforcement (ICE), U.S. Customs and Border Protection (CBP), and the Internal Revenue Service (IRS). In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. And these multi-year investigations will result in federal prosecutions in numerous states by various U.S. Attorneys' Offices and the Criminal Division's Narcotics and Dangerous Drug Section.

We believe that we have the right strategy for stopping the violence spawned by the cartels. But despite recent successes, we also recognize that we have much more work to do to implement it effectively. The cartels remain too powerful and able to move too many drugs into the United States. Too many guns and too much cash are moving

south across the border into Mexico, where they fuel the cycle of violence. As a result, the Attorney General is working to allocate additional resources to address this threat.

The Dimensions of the Current Threat

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to 6,200 murders. Almost 10 percent of the murders in 2008 involved law enforcement officers or military personnel. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies -- primarily in Mexico but increasingly in U.S. communities as well. Although violence in Mexico has existed over the years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the government's vigorous counter-drug efforts. Traffickers have made a concerted effort to send a public message through their bloody campaign of violence by leaving the bodies of their tortured victims out for public display to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Felipe Calderon and Attorney General Eduardo Medina-Mora took office in 2006, and with support from the United States, the Government of Mexico

undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and cash. Mexican law enforcement agencies have arrested many high level drug cartel members who are then being extradited to face prosecution in the United States in record numbers. This unprecedented pressure from the Government of Mexico has led to the increased violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest border.

The violence in Mexico has direct and serious effects in the United States. According to the *2009 National Drug Threat Assessment (NDTA)* by the Department's National Drug Intelligence Center, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian drug trafficking organizations generate and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is believed to be smuggled in bulk across the border back into Mexico; this cash further fuels the drug trade and its attendant violence. Similarly, firearms trafficking from the United States to Mexico contributes to escalating levels of violence on both sides of the border, as groups armed with military weapons and U.S.-based gangs serve as enforcement arms of the Mexican drug cartels. According to ATF's Tracing Center, 90 percent of the firearms about which ATF receives information are traceable to the United States.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General's Consolidated Priority Organization Target (CPOT) list of international "Most Wanted" drug kingpins. Of the approximately 50 worldwide cartels currently on the list, 19 of them are Mexican enterprises. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads two multi-agency intelligence centers and an operational center that provide tactical and operational support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) is led by the DEA with participation of more than 20 agencies. It provides critical, case-specific tactical intelligence. For example, if a

highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver or passengers that can be provided in real time. EPIC focuses specifically on the Southwest border but tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest border. The FBI will shortly join the facility through a Southwest Intelligence Group (SWIG), which will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity.

The Special Operations Division (SOD) is a DEA-led multi-agency operational center, but its functions go beyond the gathering and processing of intelligence. The SOD provides strategic support and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. It targets the command and control communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level. Operation Xcellerator was initiated as a SOD investigation. The transnational nature of narcotics trafficking results in numerous agencies from Federal, State and Local departments involved in the fight to stop the flow of narcotics into our communities. Working through the Organized Crime Drug Enforcement Task Force Fusion Center, SOD serves a critical role in the de-confliction of investigative efforts to prevent the occurrence of law enforcement from targeting one another.

The Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, an intelligence center co-located with SOD, is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, National Drug Intelligence Center (NDIC), EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. Like the SOD, it provides critical support for long-term and large-scale investigations. It conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations. The Fusion Center passes actionable leads to field investigative units.

Focused Law Enforcement Initiatives

The Department's efforts are focused on three underlying aspects of the problem: drugs, guns, and cash; and are part of an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

1. Movement of Drugs

DEA has the largest U.S. drug enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources at the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico supports and/or facilitates operations by both the Mexican Federal Police and Military Special Forces to locate and capture cartel leaders

and their associates. Project Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units (SIU), elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations, resulting in trusted counterparts throughout Mexico.

DEA also targets the cartels through its “Drug Flow Attack Strategy” (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major drug trafficking organizations. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with the Department of Homeland Security and other federal agencies on EPIC’s “Gatekeeper Initiative.” A “Gatekeeper” is a person or group whose role is “to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative, combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the U.S. Marshals, IRS, ICE, ATF, and CBP to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the

Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with the Department of Homeland Security to implement its “License Plate Reader Initiative” in the Southwest border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. This information is then compared with DEA and CBP databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico.

2. Trafficking of Guns

Given its statutory mission and authority, ATF is principally responsible for stopping the flow of weapons from the United States south to the cartels. Merely seizing firearms through interdiction will not, by itself, stop firearms trafficking to Mexico. ATF, in collaboration with other law enforcement entities, seeks to identify, investigate, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF’s comprehensive strategy to combat firearms-related violence by the cartels along the Southwest border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry

operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. Since 2007, ATF has inspected approximately 95 percent of the FFLs in the region.

Congress has recently allocated an additional \$15 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with Special Agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance that represents a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the weapons of choice for drug cartels. In addition, the funds will be used to send additional Special Agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest border. When a firearm is traced, specific identifying information – including the make, model, and serial number – is entered in the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. Without tracing data, federal officials would be forced to rely solely on interdiction efforts to gain investigative leads, an often ineffective use of federal resources. As part of the Mérida Initiative, discussed below, ATF received \$4.5 million to initiate a Spanish version of ATF's e-trace to Mexico. ATF is working with Mexican officials to increase

their current usage of the gun tracing system, with deployment to nine U.S. consulates in Mexico set for December of this year.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to take their assets too. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican drug trafficking organizations.

For example, the Department has established a “Bulk Currency Money Laundering Initiative,” which investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, the National Drug Intelligence Center estimates that Mexican DTOs generate approximately \$17-\$38 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled cash. Again we have worked in partnership with the Department of Homeland Security, the component agencies of which have primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies’ efforts through coordination and cooperative investigation. Federal

agencies currently participating in this initiative include ATF, DEA, FBI, ICE, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion were forfeited under the Department of Justice Asset forfeiture program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed below, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities involving narcotics trafficking, gun-smuggling, violent crimes, and immigration offenses. Each of the Southwest Border United States Attorneys' offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorneys' offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international

fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited in January 2007. Last December, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel wanted by the DEA. Last month Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. (Caro-Quintero is also the younger brother of Rafael Caro-Quintero who was the mastermind behind the kidnapping, torture, and murder of DEA Special Agent Enrique "Kiki" Camarena in 1985.) Just last week, the Mexican government announced the arrest of Vincente Zambada, a top Sinaloa cartel leader, who has been indicted on federal narcotics charges in the U.S.

To build on these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Divisions Office of International Affairs (OIA), which will focus on mutual legal assistance to other countries. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, we have much work to do to implement it effectively to combat the Mexican cartels. The Department has taken the following steps to buttress our law enforcement resources along the Southwest border.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams (METs) to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest border field divisions. 29 percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest border within the next 45 days.** ATF is redeploying 100 employees, including 72 agents, under Project Gunrunner, primarily to Houston and South Texas based on ATF intelligence on drug trafficking patterns. The FY 2009 budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, TX; El Centro, CA; and Las Cruces, NM), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-trafficking-related issues. ATF will also open new Gunrunner field offices in Phoenix, AZ and Houston, TX

under the FY2009 Budget and will add 30 additional ATF personnel in those areas.

- **OCDETF is adding to its Strike Force capacity along the Southwest border:**

OCDETF is expanding the staffing of its joint interagency Strike Forces along the Southwest Border (in San Diego and Houston); within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and placing an intelligence analyst team from the National Drug Intelligence Center with each Strike Force, following a model currently in place with the Houston Strike Force. The Department intends to roll out additional teams across the Southwest Border.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on Organized Crime and Drug Enforcement Task Forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of our border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.

- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$30 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.
- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, TX this summer on illegal straw purchasing. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

The Mérida Initiative

Let me conclude with a brief mention of the Mérida Initiative. The Department strongly supports the Mérida Initiative, which provides an unprecedented opportunity for a highly coordinated, effective bilateral response to criminal activity on our Southwest border. The Department has been and continues to be actively involved in the Mérida Initiative planning and implementation both on an interagency and bilateral basis. One of the first Mérida Initiative programs in Mexico is a ministerial level Strategy Session on Arms Trafficking, funded by the government of Mexico and the U.S. State Department, and developed and designed by the Department in conjunction with DHS and the U.S. Embassy in Mexico City, to be held in Mexico on April 1 and 2. Attorney General Holder and Secretary Napolitano are scheduled to attend, joining their Mexican counterparts for the second day of the conference.

The Department's Criminal Division and law enforcement agencies already are working with our Mexican counterparts to enhance and strengthen Mexico's operational capacities to effectively combat narco-trafficking, firearms trafficking and other organized criminal enterprises, including trafficking in persons. The Mérida Initiative provides increased support for our joint efforts with Mexico in these and other areas of mutual concern. These efforts have focused on the development of intelligence-based targeting and prosecutor-led multi-agency task forces, collection of evidence, and extradition. The Department has been and continues to be an active participant and partner in the Mérida Initiative interagency planning and implementation both in Washington DC and as an integral member of the country team at Embassy Mexico City.

Conclusion

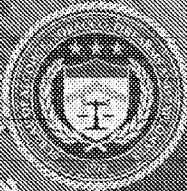
Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest border, as well as our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous weapons – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. We will be happy to answer any questions you may have.

U.S. Department of Justice
Bureau of Alcohol, Tobacco,
Firearms and Explosives
National Tracing Center

FIREARMS TRAFFICKING

SOUTHWEST BORDER INITIATIVE - PROJECT GUNRUNNER

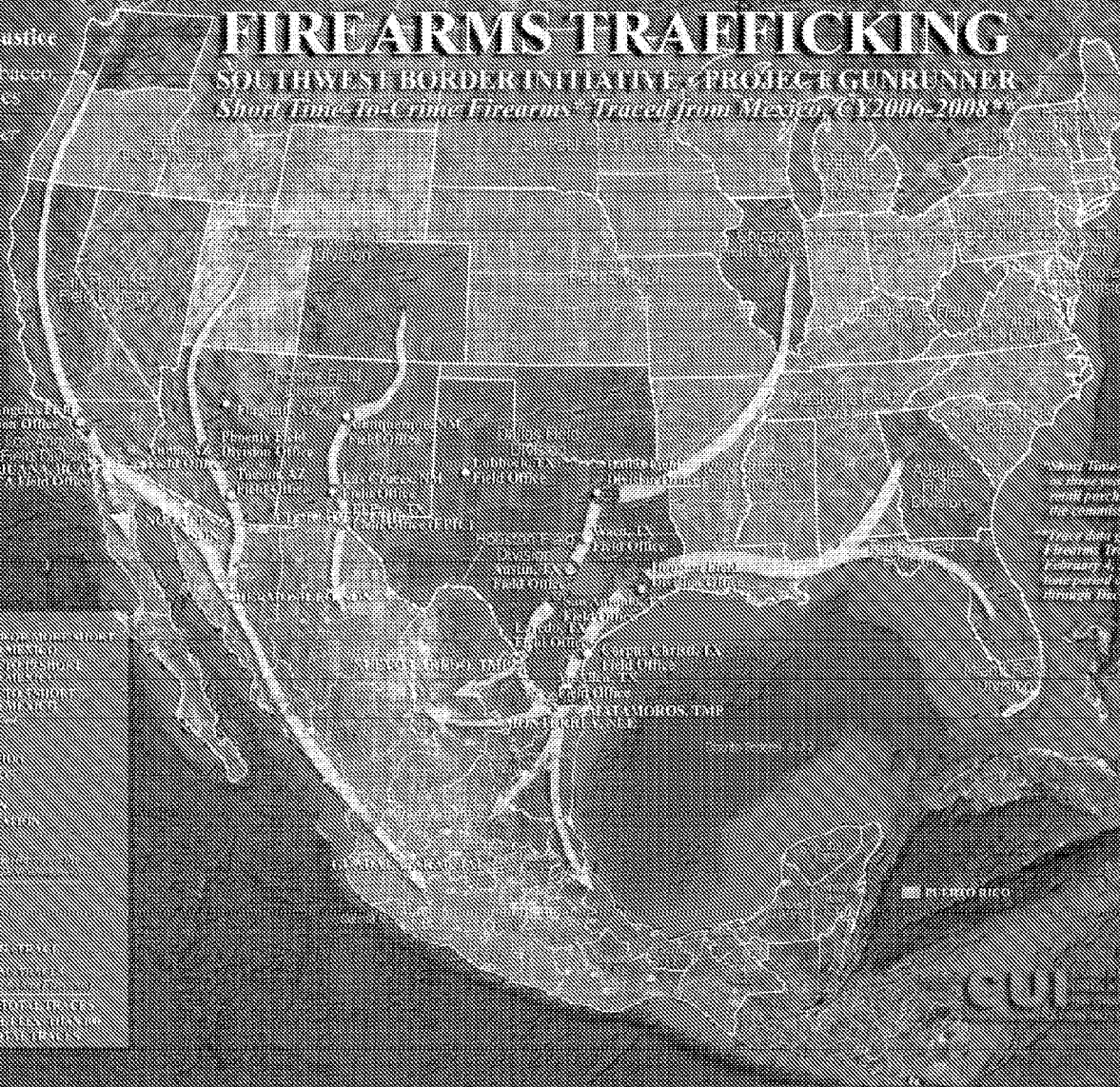
Short Time-To-Crime Firearms* Traced from Mexico, CY2006-2008**



Los Angeles Field
Division Office
Phoenix Field
Division Office
San Antonio Field
Division Office
San Diego Field
Division Office

LEGEND

- States with more than 10 short trace firearms
- States with more than 5 short trace firearms
- States with more than 1 short trace firearm
- States with no short trace firearms
- States with more than 10 short trace firearms
- States with more than 5 short trace firearms
- States with more than 1 short trace firearm
- States with no short trace firearms
- States with more than 10 short trace firearms
- States with more than 5 short trace firearms
- States with more than 1 short trace firearm
- States with no short trace firearms



*Short Time-to-Crime is defined as those queries of hits from fires which purchase to recovery in the commission of a crime.

**This data generated from the National Tracing System on February 1, 2009, and covers time period of January 1, 2006 through December 31, 2008.

Verification of Records Search – Office of Chief Counsel

I, Stephen R. Rubenstein, as Chief Counsel, have caused a search of the Office of Chief Counsel to be made for all documents and other information relating to ATF Operation Fast and Furious as outlined in the Request for Documents and Information Relating to an Office of the Inspector General Review of Certain Firearms Trafficking Investigations dated March 25, 2011 and the Subpoena issued by the House of Representatives Committee on Oversight and Government Reform dated March 31, 2011 and declare that the materials described below, to the best of my knowledge and belief, reflect all documents responsive to the OIG request and the House of Representatives Subpoena.

The Office of Chief Counsel has copies of Title III affidavits prepared by ATF Special Agents in connection with Operation Fast and Furious. These documents are under seal by order of the District Court, case number 2:11-CR-126, District of Arizona.

April 8, 2011
Date

Stephen R. Rubenstein
Chief Counsel

From: (b) (7)(C)
 Sent: Friday, April 08, 2011 12:44:24 PM
 To: (b) (7)(C)
 Subject: FW: Sierra Vista sites and personnel in Phoenix FD

(b) (7)(C)

Clarification please....

W

(b) (7)(C)

ATF

202-648-(b) (7)(C)

(b) (7)(C)

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

From: (b) (7)(C)
 Sent: Friday, April 08, 2011 12:45 AM Eastern Standard Time
 To: (b) (7)(C)
 Cc: (b) (7)(C) (HP)
 Subject: Sierra Vista sites and personnel in Phoenix FD

(b) (7)(C)

Can you please look into something for us? The "Current Snapshot for Phoenix" provided from Field Ops, via (b) (7)(C) shows 2 sites that were not disclosed previously, the Sierra Vista (IO) Satellite Office and the Sierra Vista Field Office. Looking at the FD Addresses tab of the sheet, both locations say (May 1, 2011) and "No phone or fax at this time" which leads me to believe these are future sites. This assumption is further strengthened by the fact that 5 of the 6 personnel associated with these sites indicate (Academy) in their Title. Is it safe to assume that these are incoming agents, still in the ATF Academy and therefore we do not need to worry about gathering data from them? What about the 1 user who does not show as (Academy) - RAC (b) (7)(C) based on his GAL entry, he is a S/A in the Cheyenne Field Office of the Denver Field Division, so I am not sure why he is on the provided snapshot for Phoenix. Could you please reach out to someone for clarification on these users? Thank you very much!!!

- (b) (7)(C) - IOI (Academy)
- (b) (7)(C) S/A (Academy)
- (b) (7)(C) S/A (Academy)
- (b) (7)(C) RAC
- (b) (7)(C) S/A (Academy)
- (b) (7)(C) S/A (Academy)

Regards,

(b) (7)(C)

ESAIIII Project Portfolio Management

Department of Justice-ATF
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Fax: 202-378-2585

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From: (b) (7)(C)
Sent: Friday, April 08, 2011 12:26:54 PM
To: (b) (7)(C)
CC: Gant, Gregory K.; (b) (7)(C)
Subject: RE: F&F Certification

5555

Hi (b) (7)(C)

Thank you for providing the certification from the Atlanta FD, however, I need to ask you to resubmit the certification using the updated form. (b) (7)(C) sent an email, dated April 6, with a revised certification form that covers both the OIG investigation as well as the HCOGR subpoena from the Hill. I'll forward you the email with the updated form momentarily and ask you have SAC Gant resign and resubmit the certification to me as well as place an electronic copy in his shared drive.

I apologize for the confusion. Please let me know if you have any questions.

(b) (7)(C)

Program Analyst
Field Management Staff (FO)
PH: (202) 648-(b) (7)(C)

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

From: (b) (7)(C)
Sent: Thursday, April 07, 2011 4:29 PM
To: (b) (7)(C)
Cc: Gant, Gregory K.
Subject: FW: F&F Certification

To All:

Please find attached, the Fast and Furious certification for the Atlanta Field Division. If there's additional information needed, please contact (b) (7)(C) at (b) (7)(C) cellular or on my office number listed below.

Sincerely,

(b) (7)(C)

Special Agent/Public Information Officer Bureau of Alcohol, Tobacco, Firearms and Explosives Atlanta Field Division
(404) 417-(b) (7)(C) pfc.
(404) 417-2611 fax

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

From: Gant, Gregory K.
Sent: Thursday, April 07, 2011 4:16 PM
To: (b) (7)(C)

ATF8-001-001-00017427

(b) (7)(C)

Special Agent in Charge
ATF, Atlanta Field Division
Office (404) 417 2600
Direct (404) 417 (b) (7)(C)
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-----Original Message-----

From: Gant, Gregory K.
Sent: Thursday, April 07, 2011 5:16 PM
To: Gant, Gregory K.
Subject:

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Scan Date: 07.04.2011 16:15:35 (-0500)

Queries to: Richol@atf.gov

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From: (b) (7)(C)
 Sent: Friday, April 08, 2011 12:21 PM
 To: (b) (7)(C)
 CC: (b) (7)(C)
 Subject: FW: Document Request
 Attachments: HJC- 6MAY2009 Hoover.pdf; HOUSE Foreign Affairs 7FEB08 Hoover.pdf; HOUSE Homeland Security 16JUL09 McMahon.pdf; HOUSE OVERSIGHT 09JUL09 Hoover.pdf

I need this completed ASAP (see (b) (7)(C) request below). I am attaching docs 8-10. Please search and save the rest of them and get them to (b) (7)(C) ASAP.

(b) (7)(C)

DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
 Chief - Office of Legislative Affairs

(b) (7)(C) mobile1
 (b) (7)(C) mobile2

202.648.(b) (7)(C) office)
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From: (b) (7)(C)
 Sent: Friday, April 08, 2011 11:26 AM
 To: (b) (7)(C)
 Subject: Document Request

(b) (7)(C)

Do you guys have someone who can find electronic copies of the documents listed below? All were referenced in the OIG Reports on Gunrunner and DOJ wants to produce them to the Committee. Need help fast please.

Public Documents Referenced in the Office of The Inspector General's Reports on Project Gunrunner
 ATF website and ATF "Fact Sheet: Project Gunrunner" (September 2008).

Department Fact Sheet: Department of Justice Efforts to Combat Mexican Drug Cartels (April 2, 2009).

Department of Justice press release, Justice Department Announces Success in Battle Against Firearms Trafficking and Recovery Act Funds to Build on Project Gunrunner (October 1, 2009).

Testimonies Relevant To Project Gunrunner

1. "Law Enforcement Response to Mexican Drugs Cartel," Panels I and II, Joint Hearing of the Crimes and

Drugs Subcommittee of the Senate Judiciary Committee and the Senate Caucus on Int'l Narcotics Control, March 17, 2009

2. William Hoover, Assistant Director for Field Operations, ATF, before the Committee on the Judiciary Subcommittee on Crime and Drugs, U.S. Senate, concerning "Law Enforcement Responses to Mexican Drug Cartels" (March 17, 2009)
3. U.S. House of Representatives, Committee on Appropriations Subcommittee on Commerce, Justice, Science and Related Agencies, March 24, 2009
4. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Panels I and II, Senate Homeland Security and Governmental Affairs Committee, March 25, 2009
5. "Southern Border Violence, Homeland Security Threats, Vulnerabilities," Foreign Relations Committee, March 30, 2009
6. "Examining Preparedness and Coordination Efforts of First Responders Along the Southwest Border," House Homeland Security, Subcommittee on Emergency Communications, Preparedness, March 31, 2009
7. "Department of Justice," House Committee on Appropriations, April 23, 2009
8. "Escalating Violence in Mexico and the Southwest border as a Result of Mexican Drug Trade," House Judiciary, Subcommittee on Crime, May 6, 2009
9. "Southern Border Violence: State and Local Perspectives," Senate Committee on Homeland Security, April 20, 2009; "Rise of Mexican Drug Cartels and US National Security," House Committee on Oversight and Government Reform, July 9, 2009
10. "Combating Border Violence: The Role of Interagency Cooperation in Investigations," House Homeland Security, Subcommittee on Border, July 16, 2009
11. William McMahon, Deputy Assistant Director for Field Operations, ATF, before the Committee on Homeland Security Subcommittee on Border, Maritime, and Global Counterterrorism, U.S. House of Representatives, concerning "Combating Border Violence: The Role of Interagency Coordination in Investigations" (July 16, 2009), homeland.house.gov/Hearings/index.asp?ID=205

(b) (7)(C)

Acting Chief of Staff
Office of the Director
O: 202-648-(b) (7)(C)
C: (b) (7)(C)
HQ Room 5 S 100

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**ESCALATING VIOLENCE IN MEXICO AND THE
SOUTHWEST BORDER AS A RESULT OF THE
ILLICIT DRUG TRADE**

HEARING
BEFORE THE
SUBCOMMITTEE ON CRIME, TERRORISM,
AND HOMELAND SECURITY
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
ONE HUNDRED ELEVENTH CONGRESS
FIRST SESSION

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MAY 6, 2009
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Serial No. 111-25

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**ESCALATING VIOLENCE IN MEXICO AND THE
SOUTHWEST BORDER AS A RESULT OF THE
ILLICIT DRUG TRADE**

WEDNESDAY, MAY 6, 2009

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CRIME, TERRORISM,
AND HOMELAND SECURITY
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 3:55 p.m., in room 2141, Rayburn House Office Building, the Honorable Robert C. "Bobby" Scott (Chairman of the Subcommittee) presiding.

Present: Representatives Scott, Jackson Lee, Pierluisi, Gohmert, Poe, Goodlatte, Rooney and Smith.

Staff Present: Bobby Vassar, Subcommittee Chief Counsel; Mario Dispenza, Fellow, ATF Detailee; Karen Wilkinson, Fellow, Federal Public Defender's Office Detailee; Veronica Eligan, Professional Staff Member; Caroline Lynch, Minority Counsel; Kimani Little, Minority Counsel; and Kelsey Whitlock, Minority Staff Assistant.

Mr. SCOTT. Good afternoon.

I first want to apologize for the delay. We had crime bills on the floor unexpectedly. We thought we were going to be there at about 11 this morning, and did not get on until about 1:30, so we appreciate your indulgence.

The Subcommittee will now come to order. Welcome to the hearing before the Subcommittee on Crime, Terrorism, and Homeland Security on the escalating violence in Mexico and the southwest border as a result of the illicit drug trade.

For several months, the media has reported horrific violence occurring in Mexico and along the U.S. southwest border, stemming from illegal drug trafficking. Traffickers have been brazen enough to threaten police, government officials and even their families because of stepped-up government efforts into drug interdiction. The actual attacks have been rampant and gruesome. Our hearing today will explore the extent of the violence and the role of the U.S. law enforcement agencies in combating it.

Of course, violence associated with drug trafficking and organized crime is nothing new. Other nations, most notably Colombia and Italy, experienced heightened violence when their governments stepped up enforcement efforts in the late 1980's and 1990's.

Similarly, the surge in violence Mexico is experiencing seems to be related to Mexican President Calderon's targeted and successful

crackdown on illicit drug organizations. As Mexican security forces have seized thousands of firearms and tons of drugs, the trafficking has become more difficult. As a result, the traffickers have become more violent as they fight to control fewer trafficking routes. Because these routes flow to and from the United States, our Border States are most directly affected by the violence. In Phoenix alone, a special task force of 10 investigators has dismantled 31 crime cells and has made more than 220 arrests in response to over 350 kidnappings and other violence over the past 2 years.

But the violence is, by no means, limited to the border. According to a December report by the Department of Justice's National Drug Intelligence Center, Mexican drug trafficking organizations have established a presence in 230 U.S. cities, as far apart as Anchorage and Atlanta, further intertwining Mexico and United States in the fight to control the violence over firearm trafficking.

According to the Bureau of Alcohol, Tobacco, Firearms and Explosives, approximately 90 percent of the weapons seized in Mexico that are traced originate here and end up in the hands of Mexican drug traffickers. Clearly we have a shared problem; however, before we can solve the problem, we must assess it accurately, focusing on reality and not sensationalism.

The violence has, indeed, been gruesome. However, according to the Mexican Government, 64 percent of their drug-related violence is mostly concentrated in three Northern and Southwestern States where only 15 percent of their population lives. Moreover, the murder rate in Ciudad Juarez, Mexico's hardest-hit city, is six times lower than was Colombia's murder rate during the early 1990's. Since that time, Medellin's homicide rate has dropped by 90 percent. Thus, the situation is serious, but it is not as widespread as some reports would lead us to believe, and neither is it insurmountable.

Mexico has initiated key steps to overcoming the latest escalation of violence. In addition to increased enforcement efforts, Mexico has made crucial institutional reforms in its judicial system, police hiring, technology investment, and drug abuse prevention and treatment efforts. These key changes promise a more secure, long-term solution than enforcement efforts alone could provide.

The United States' Federal law enforcement efforts have been greatly enhanced. In March of this year, the Obama administration announced a major increase in law enforcement resources to partner with Mexico in combating drug and firearm trafficking.

Today we will hear from representatives from the Department of Justice to explain its role in combating the drug and firearm trafficking and its resultant violence.

So I am pleased at this point to recognize the esteemed Ranking Member of the Subcommittee, the gentleman from Texas, Judge Gohmert.

Mr. GOHMERT. Thank you, Mr. Chairman. Thank you for holding this hearing, and thank you for calling me "esteemed."

We are grateful to you for being here, our witnesses. I know that this has been an inordinate delay, but thank you for your patience.

For several months now, we have heard reports of escalating violence by Mexican drug cartels, of violence targeted at rival cartels and at officials of the Mexican Government; not just violence, but

gruesome acts intended to terrorize local communities and to intimidate the Mexican Government into abandoning its mission to rid Mexico of the scourge of illegal drugs.

Mexico is the primary transit point in the U.S. for all four major drugs of choice: marijuana, cocaine, methamphetamine, and heroin. In fact, 91 percent of all cocaine abuse in America is supposedly trafficked through Mexico. So it comes as no surprise that these cartels would resort to such tactics, given the Calderon government's efforts to shut down their trafficking operations and to rid the government of the corruption that has allowed these cartels to prosper for years, and, I would submit, that has caused the country to not become the power that it could be in the world.

In addition to dozens of extraditions of drug cartel members from Mexico to the U.S. for prosecution, Mexican authorities in recent weeks have arrested the suspected leader of the violent Zeta gang in the border city of Matamoros, across from Brownsville, Texas, as well as a top official in the Juarez and Sinaloa Cartels.

In March, Forbes magazine listed Joaquin "El Chapo" Guzman-Loera, the head of the Sinaloa Cartel, as one of the world's self-made billionaires. His inclusion on this list brings the breadth of the illegal drug trade into stark reality.

We simply cannot address the cartel violence in Mexico without addressing both the supply and demand of illegal drugs here in America. According to the Drug Enforcement Administration, Mexico is the number one foreign supplier of marijuana abuse in the United States. In fact, marijuana is considered the cash crop that finances the cartel's drug trade, corruption and violence. So it came as a shock to me when Attorney General Holder announced in February that the D.A. would no longer conduct raids on facilities that are operating in compliance with State laws despite their violation of Federal drug laws. This is an issue that still needs to be addressed.

Another matter that has caused concern was when some of us heard the Administration say that 90 percent—or even the President say that 90 percent of all of the guns involved in violence in Mexico are apparently from the United States, which as it turns out—it sure appears from the numbers that I have been able to get—that only 17 percent of the guns found at Mexican crime scenes have been traced to the United States. A large percentage of the guns recovered in Mexico are not sent back to the United States for tracing because it is obvious from their markings that they did not come from the U.S., but the numbers that we have been provided say that, in 2007 to 2008, 6,000 guns were successfully traced, and of these, 90 percent—this is by the ATF—90 percent, or 5,114, were traced to the U.S.; but in those same 2 years, according to the Mexican Government, 29,000 guns were recovered at crime scenes. So there is not 90 percent coming from the United States, but 17 percent.

Another issue that has just arisen today, as reported in the press—the Chicago Tribune reported that the Sinaloa Cartel is now authorizing the use of force and violence inside the United States to protect their loads of illegal drugs. That force is supposedly being authorized in the United States. Now, that may be a testimony to the effectiveness in how they have been hurt by the U.S.?

curtailing the drugs being imported into the United States. Whatever the reason, if this is true, and they are authorizing violence against our people whom we are paying to protect us, then we have got to have an appropriate counterstrategy to that, and I hope we hear about that shortly.

Anyway, I do appreciate your patience, and look forward to your testimony.

I yield back the balance of my time.

Mr. SCOTT. Thank you.

We have the Ranking Member of the full Committee, the gentleman from Texas, Mr. Smith, who actually suggested the hearing.

It is good to see you here.

Mr. SMITH. Thank you, Mr. Chairman. Actually, I was going to give you credit and thank you for having this hearing, which is both timely and appropriate. I do appreciate the collaboration. It is a bipartisan subject, and I always appreciate being able to work with you on items like this.

Also, Mr. Chairman, I think I heard you, as I walked in, express your appreciation to the witnesses for waiting so long, and I, too, was going to say to them that the debate and the votes on some three judiciary bills that were on the House floor took a lot longer than we thought. In fact, the vote actually occurred about 1 hour longer than we were told when it was going to occur, and I am afraid you all had to wait, but we do appreciate that.

Mexico, our neighbor to the south, is experiencing a surge in homicides and in other violent crimes. Drug cartels are to blame. In a little more than a year, more than 7,000 people have been murdered, many of them cartel members or associates. These international crime syndicates are like any other criminal organization that attempts to exercise its authority through threats, fear and murder, but Mexican President Felipe Calderon has vowed to take on the Mexican drug cartels and to put an end to their reign.

We are seeing the results of this effort through better cooperation with U.S. law enforcement agencies, through the increased extraditions of cartel members to the U.S., and through a campaign to rid the Mexican Government of the corruption that has fostered the cartels' power for years.

Regrettably, though, some are using the violence along the border as a justification for stricter gun laws. In recent weeks both the news media and elected officials have repeated a statistic that would be alarming if true, that 90 percent of the firearms seized in Mexico come from the U.S. This is simply false.

What is true is that 90 percent of those weapons that are seized and traced are linked back to a point of sale in the United States, but this accounts for only 17 percent of the guns actually found at Mexican crime scenes. The remaining 83 percent come from Central and South America or as far away as Russia, according to a recent report.

Regulating the ownership of firearms by law-abiding citizens will do nothing to stop criminals from trafficking guns into Mexico. There are those who suggest that the solution to border violence is to legalize drugs. That is like saying that the solution to our economic crisis is to legalize fraud.

If Congress is serious about addressing border violence in Mexico, we should first eliminate the demand for illegal drugs in the U.S. by cracking down on drug dealers. Unfortunately, some want to significantly reduce the punishment for drug crimes, but reducing the demand for drugs in the U.S. will help prevent drug-related violence from spilling across the U.S.-Mexico border.

In late March, the Administration announced that it planned to redeploy personnel and resources along the border to help curtail the violence. I support these actions, but remain concerned that the redeployment of personnel and resources may come at the expense of other critical law enforcement activities. Border violence should not be used as an excuse to reduce the interior enforcement of our immigration laws and to enact gun restrictions.

Mr. Chairman, the threat of violence spilling across the U.S. border would be much less if we would complete the construction of the border fence. The Border Patrol has stated that, where used, it has reduced apprehensions by 95 percent, and when apprehensions are down, so is the amount of drugs coming across the border—and the related violence.

Mr. Chairman, thank you, and I yield back the balance of my time.

Mr. SCOTT. Thank you.

We have also been joined by the gentlelady from Texas Ms. Jackson Lee. I ask that any other additional statements be made part of the record.

Without objection.

[The prepared statement of Ms. Jackson Lee follows:]

6

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF TEXAS, AND MEMBER, SUBCOMMITTEE ON CRIME,
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CONGRESSWOMAN SHEILA JACKSON LEE, OF TEXAS

STATEMENT BEFORE THE
JUDICIARY SUBCOMMITTEE ON
CRIME, TERRORISM, AND HOMELAND SECURITY

"HEARING ON THE ESCALATING VIOLENCE IN MEXICO AND SOUTHWEST
BORDER AS A RESULT OF THE ILLICIT DRUG TRADE

MAY 5, 2009

Thank you, Mr. Chairman, for your leadership in convening today's very important hearing on escalating violence in Mexico and the Southwest border as a result of the illicit drug trade. The purpose of the hearing is to provide information regarding the illicit drug trafficking originating in Mexico. The hearing will also explore how law enforcement agencies are responding to escalating violence along the border and how it affects the U.S. Southwest border. This hearing will provide analysis of the situation, and recommendations on what actions Congress should take to address the situation.

The increasing violence along the border has occurred within the two years since Mexican President Felipe Calderon took office. At the time that President Calderon took office, he pledged to crack down on illicit drug trafficking. The violence and the presence of drugs along the border have increased.

In 2008, the violence between Mexican drug gangs fighting for trafficking routes to the United States killed approximately 6,000 people in Mexico, including more than 500 police officers and soldiers. In the first eight weeks of 2009, more than 1,000 people were killed as a result of the drug war. In March 2009, Mexico sent an additional 3,200 soldiers to the border, increasing the total number of Mexican soldiers combating drug cartels to more than 45,000.

Over 200 United States citizens have been killed in the drug war, either because they were involved in the cartels or were innocent bystanders. The drug trade in Mexico includes marijuana, heroin, cocaine, and methamphetamine (meth).

Reports have indicated that Mexico is the conduit for most of the cocaine – approximately 90 percent -- in the United States, the source for much of the heroin consumed in this country and the largest foreign supplier of marijuana and meth to other markets.

Estimates indicate a vast majority of the cocaine available in the United States market is smuggled by Mexican cartels across the United States-Mexico border. Cartels are becoming increasingly involved in the trafficking of meth because of the large profit margins they obtain from controlling the drug from manufacture to distribution.

The drug cartels have criminal earnings in excess of \$25 billion per year and physically send more than \$10 billion a year in bulk cash back into Mexico from the United States. According to the 2009 National Drug Threat Assessment, Mexican drug trafficking organizations are the greatest drug trafficking threat to the United States.

The Drug Enforcement Administration (DEA) maintains that the Mexican cartels now command and control the drug trade and show the hallmarks of organized crime, such as organizing into distinct cells with subordinate cells, including gangs, which operate throughout the United States.

Mexican cartels control drug distribution in most United States cities, and they are gaining strength in markets that they do not control. The 2009 National Drug Threat Assessment indicates that Mexican cartels maintain drug distribution networks or supply drugs to distributors in at least 230 United States cities, including in Alaska and Hawaii.

The problem along the U.S.-Mexico border is exacerbated by the fact that while the Mexican drug organizations are smuggling their narcotics North of the border to sell in the United States, they are obtaining their weapons in the U.S. and smuggling them back to Mexico, where they are used to facilitate the violence. According to the Bureau of Alcohol, Tobacco, Firearms and Explosives, approximately 90% of the weapons seized in Mexico that are traced, originate in the United States and end up in the hands of Mexican drug traffickers.

According to Mexican Attorney General, Eduardo Merina Mora, the violence directly attributable to the drug organizations is responsible for the deaths of at least 8,150 people between December 2006 and December 2008. The violence has become so intense that the drug organizations are threatening police officials and publically taking credit for brutal assassinations. In one instance among many other brutal murders, five officers were beheaded and the assassins placed the detached heads in a cooler at the police station.

The violent turf battles between Mexican drug organizations have now crossed the U.S.-Mexican border and have resulted in kidnappings and home invasions in the United States. The violence is growing in the Southwest border and vicinity and is increasingly making its way to other

parts of the United States.

The violence is not limited to the Southwest border and vicinity. According to a December report by the Justice Department's National Drug Intelligence Center, Mexican drug-trafficking organizations have established a presence in 230 U.S. cities, including remote places such as Anchorage, Alaska and Sheboygan, Wisconsin.

The Federal Government provides States and local governments with assistance in covering the costs related to the fight against the drug cartels and the prosecution of such drug cases, local law enforcement along the border is in need of assistance in covering expenses. Local law enforcement uses its limited resources to combat drug trafficking, human smuggling, kidnappings, the destruction of private property, and other border security related crimes. The United States shares 1,989 miles along its border with Mexico. Federal assistance is required to help local law enforcement.

On March 24, 2009, the Obama Administration announced its plans for increasing its law enforcement efforts in Mexico and along the U.S. Southwest border. The Administration's efforts will be shared by the Department of Homeland Security and the Department of Justice each with a series of initiatives. Witnesses will discuss the plan described above in detail and explain how each initiative will work within the overall effort to

combat violence from the drug trade.

I have also worked on this important issue – the violence along the Southwest border is of grave concern to me. To address this situation along the border, on April 2, 2009, I, along with Congressman Poe, introduced H.R. 1900, Border Security, Cooperation, and Act Now Drug War Prevention Act. This Act will provide for emergency deployments of United States Border Patrol agents and to increase the number of Drug Enforcement Administration and Alcohol, Tobacco, Firearms and Explosives agents along the international border of the United States to increase resources to identify and eliminate illicit sources of firearms into Mexico for use by violent drug trafficking organizations. The bill requires the deployment of helicopters and power boats, motor vehicles, portable computers, radio communications, and other equipment.

I welcome the witnesses' testimony and their comments on my bill. Thank you, Mr. Chairman. I yield the remainder of my time.

Mr. SCOTT. We will now go to our panel of witnesses.

Our first witness will be Stuart Nash, Associate Deputy Attorney General and Director of the Organized Crime Drug Enforcement Task Forces. Under that directorship, he oversees the combined efforts of over 2,000 law enforcement agents and over 600 prosecutors with the mission of investigating, prosecuting and dismantling the world's largest drug-trafficking, money-laundering organizations. He also serves as Associate Deputy Attorney General with the responsibility for a range of criminal justice issues, including drug enforcement, money laundering and asset forfeiture. He has a law degree from Harvard Law School and a bachelor's degree from Duke University.

Our next witness will be Mr. Salvador Nieto, the Deputy Assistant Commissioner, Office of Intelligence and Operations Coordination for the United States Customs and Border Protection. As Deputy Assistant Commissioner, he is the chief executive officer responsible for leveraging the skills of intelligence operations professionals and targeting experts to maximize the CBP's enforcement efforts. He began his career in 1988 with the U.S. Border Patrol, served in the United States Air Force and attended the Air Force Community College and Florida State University.

Our next witness will be Janice Ayala, Deputy Assistant Director of Financial, Narcotics and Public Safety Division within the Office of Investigations, U.S. Immigration and Customs Enforcement. In this position she has direct oversight of the financial, narcotics and national gang programs conducted by ICE officers throughout the United States. She served for 4 years in the U.S. Air Force Intelligence Squadron, and holds a bachelor of science degree in business administration.

Our fourth witness will be Mr. Anthony Placido, Assistant Administrator for Intelligence for the United States Drug Enforcement Administration, or DEA. As a leader of DEA's intelligence program, he is DEA's senior officer for the U.S. Intelligence Community, and his duties include the development of the agency's global intelligence collection enterprise. He holds a bachelor's degree from Northeastern University and a master's degree from Golden Gate University.

Our final witness is Mr. William J. Hoover, Acting Deputy Director for the Bureau of Alcohol, Tobacco, Firearms and Explosives. As Deputy Director, he is the ATF's second highest official and oversees all ATF operations, including criminal investigations, intelligence and the regulation of Federal firearm licensees. He has a bachelor's degree from Shepherd College in Shepherdstown, West Virginia.

I thank all of our witnesses for joining us. I will ask you to summarize your testimony within 5 minutes or less. There is a timing device at the table, which will go from green to yellow with 1 minute left, to red after your 5 minutes are up.

We have also been joined by the gentleman from Texas Mr. Poe. We will begin with Mr. Nash.

TESTIMONY OF STUART G. NASH, ASSOCIATE DEPUTY ATTORNEY GENERAL, AND DIRECTOR, ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES (OCDEF), U.S. DEPARTMENT OF JUSTICE

Mr. NASH. Thank you very much, Mr. Chairman.

I cannot help but notice—it may be a bad omen for me—that the last vote—you mentioned my degree from Duke University. The last vote the House took before this hearing was convened was to congratulate the North Carolina Tar Heels for their victory in the National Basketball Championship, but I will try to soldier on.

My thanks to you and to Ranking Member Gohmert and to all of the Members of the Committee. I appreciate the opportunity to appear before you today to discuss the alarming rise of violence in Mexico and to share with you the Department of Justice's strategy

for dismantling the Mexican drug cartels that are responsible for that violence.

Drug-related violence has skyrocketed in recent years in Mexico, especially along the border with the United States. When Mexico's President Calderon and Attorney General Medina-Mora took office in December 2006, the Mexican Government, with the support of the United States, undertook a comprehensive program to break the power of the narcotraffickers. The unprecedented pressure caused the cartels to escalate fighting among themselves for control of the lucrative smuggling corridors along the southwest border. It also led to retaliatory violence directed at Mexican law enforcement personnel.

The violence in Mexico has had direct and serious effects in the United States. Firearms trafficking from the United States to Mexico contributes to escalating levels of violence on both sides of the border. As for the cartels and the U.S.-based gangs affiliated with the cartels, they arm themselves with high-caliber firearms. These criminal groups are very well financed. Mexican and Colombian drug trafficking organizations annually generate between \$18 billion and \$39 billion in drug proceeds in the United States, a large portion of which is believed to be smuggled in bulk cash shipments back into Mexico.

For decades, U.S. law enforcement agencies have recognized that the best way to fight the most powerful criminal organizations is through intelligence-based, prosecutor-led task forces. It was this approach, for example, that fueled the groundbreaking Mafia prosecutions in the late 1980's and 1990's. The DOJ is currently applying the same intelligence-driven tactics that broke the back of the mob to fighting the Mexican drug cartels.

The Department's strategy to dismantle the Mexican drug cartels has several key elements. First, the strategy employs extensive intelligence capabilities. The Department pools information generated by Federal, State and local law enforcement agencies, and it uses that intelligence to direct resources against the most powerful cartels.

Second, through prosecutor-led, multiagency task forces, the Department focuses its efforts on the investigation, extradition, prosecution, and incarceration of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermines their very existence.

Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and to the smuggling of cash from the United States into Mexico. Much of the violence in Mexico is fueled by weapons and resources that come from our side of the border.

Finally, the Department confronts the secondary threats in the United States flowing from the cartel activity. These threats include the widespread distribution of drugs on our streets and gang activities in our neighborhoods.

The Department's strategy has already had some spectacular successes. Just a couple of months ago, Attorney General Holder announced the arrest of more than 750 individuals in connection

with Operation Xcellerator, which targeted the Mexican drug trafficking organization known as the Sinaloa Cartel. Through Operation Xcellerator, Federal law enforcement agencies, along with the law enforcement officials from the Governments of Mexico and Canada and State and local authorities in the United States, delivered a significant blow against the Sinaloa Cartel. In addition to the 750 arrests, authorities seized over \$61 million in U.S. currency and more than 12,000 kilos of cocaine.

Project Reckoning, announced in September 2008, was a 15-month operation that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts ever undertaken between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure of \$76 million in currency and nearly 20,000 kilos of cocaine. Most importantly, Project Reckoning led to the indictment of the three principal leaders of the Gulf Cartel.

Operation Xcellerator and Project Reckoning were tremendous successes in the U.S. Government's battle against the Mexican cartels, and they illustrate the strengths of the Department's strategy. Neither would have been possible without the development and effective sharing of intelligence between and among Federal agencies, our State and local partners and the Government of Mexico.

The operations were each coordinated by the DEA-led Special Operations Division and were handled by prosecutors and investigators from the Organized Crime Drug Enforcement Task Forces—a program that coordinates elements of the Federal Government, including the DEA, FBI, ATF, the Marshal Service, prosecutors from the U.S. Attorney's offices, and the DOJ's Criminal Division, as well as agents from ICE, CBP, the Coast Guard, and the IRS.

In sum, we believe that the Administration has the right strategy for stopping the violence spawned by the cartels. We also recognized that there is much work still to be done. The cartels remain powerful, and they continue to move drugs into the United States, but the strategy we are pursuing is the correct one, and ultimately we will prevail against these cartels.

The Department of Justice remains committed to working in conjunction with our partners to address these serious threats. I welcome any questions that you may have.

Mr. SCOTT. Thank you.

[The joint prepared statement of the Department of Justice follows:]

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JOINT PREPARED STATEMENT OF STUART NASH, WILLIAM HOOVER,
AND ANTHONY P. PLACIDO



Department of Justice

STATEMENT OF

STUART NASH
ASSOCIATE DEPUTY ATTORNEY GENERAL AND
DIRECTOR, ORGANIZED CRIME DRUG ENFORCEMENT TASK FORCES
DEPARTMENT OF JUSTICE

WILLIAM HOOVER
ACTING DEPUTY DIRECTOR
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
DEPARTMENT OF JUSTICE

ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE
DRUG ENFORCEMENT ADMINISTRATION
DEPARTMENT OF JUSTICE

BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME, TERRORISM, AND HOMELAND SECURITY

HEARING ENTITLED

“ESCALATING VIOLENCE IN MEXICO AND THE SOUTHWEST BORDER
AS A RESULT OF THE ILLICIT DRUG TRADE?”

PRESENTED

MAY 6, 2009

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Chairman Scott, Ranking Member Gohmert and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the Department of Justice's (the Department) role in addressing the alarming rise of violence in Mexico perpetrated by warring Mexican drug trafficking organizations in Mexico and the effects of that violence on the United States, particularly along our Southwest Border. I want to share with you the Department's strategy to systematically dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries.

Let me begin by emphasizing the priority that this issue commands at the highest level of the Department's leadership, including the Attorney General himself. From March 31 to April 2, 2009, the U.S and Mexico co-hosted the Arms Trafficking Prosecution and Enforcement Executive Strategy Session in Cuernavaca, Morelos, Mexico. On April 2, U.S. Attorney General Holder and Janet Napolitano from the Department of Homeland Security (DHS) along with Mexican Attorney General Eduardo Medina-Mora and Mexican Secretary of the Interior Fernando Gómez-Mont, moderated the proceedings.

Top officials from the Department, including the Criminal Division; the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF); all United States Attorneys and Drug Enforcement Administration (DEA) Special Agents in Charge from the southern border districts; the Federal Bureau of Investigation (FBI) Legal Attaché to Mexico; top officials from the Department of Homeland Security, including the Office of International Affairs (OIA), Office of Counternarcotics Enforcement (CNE), U.S. Immigration and Customs Enforcement (ICE), and U.S. Customs and Border Protection (CBP); and top United States Embassy leadership attended the event. The Mexican delegation was comprised of officials from the Mexican Attorney

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General's Office (PGR), Ministry of the Interior, Ministry of Foreign Relations (SRE), the Mexican Military (SEDENA), the Mexican Navy (SEMAR), Mexican Customs (Aduanas), the Secretariat of Public Security (SSP), and the National Center for Research and National Security (CISEN).

Attorney General Holder and Secretary Napolitano met both together and separately with their counterparts and law enforcement experts over a period of two days. The last day included a meeting with President Felipe Calderón and his national security cabinet at Los Pinos. The meetings that took place included frank discussions of the inter-related law enforcement challenges our two countries face.

As a result of the strategy session, several concrete steps have been identified, among others, in order to move forward: (1) develop protocols for securing firearms evidence so that it can be used in either nation for prosecution; (2) share information relating to arrests and prosecution of arms traffickers who operate on both sides of the border; and (3) create a United States-Mexican arms trafficking expert working group to identify the gaps in arms trafficking enforcement which would provide conclusions within 30-60 days of the session.

As epitomized by the Cuernavaca Arms Trafficking Conference, the Mérida Initiative presents new opportunities for expert collaboration on many fronts. With Mérida funding provided by the Department of State, the Department plans, among other things: (1) to place two experienced federal prosecutors in Mexico to work with their counterparts in prosecutorial capacity-building; (2) to assign a forensics expert in Mexico; (3) with in conjunction with interagency partners to build vetted teams and task forces that can work with U.S. federal law enforcement agencies to attack the cartels across the range of their criminal conduct; (4) to advance fugitive apprehension with the U.S. law enforcement agencies and extradition with our

Criminal Division experts; (5) to assist Mexico in developing an assets management system to deal with the assets seized and forfeited in criminal cases and (6) to provide expert advice on witness and judicial security. At the same time, as an operational matter, the Department continues to work closely with Mexico as it addresses the issue of cartel-related public corruption, including through investigative assistance.

Overview of the Department of Justice's Mexico and Border Strategy

The continuing violence in Mexico, just south of our border, is being caused by a limited number of large, sophisticated and vicious criminal organizations, not by individual drug traffickers acting in isolation. That insight drives our response. There is much to do and much to improve upon. But the Department's Strategic Approach – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. government agencies and with the full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements and supports the National Southwest Border Counternarcotics Strategy. First, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product to promote operations in the United States and assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. Second, through intelligence-based, prosecutor-led, multi-agency task forces that leverage the strengths, resources, and expertise of the complete spectrum of federal, state,

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local, and international investigative and prosecutorial agencies, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermines their very existence. Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and the smuggling of cash and contraband for drug-making facilities from the United States into Mexico. Much of the violence and corruption in Mexico is fueled by these resources that come from our side of the border. Fourth, the Department uses traditional law enforcement approaches to address the threats in the United States of cartel activity. These threats include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. This component of the Department's strategy will inevitably include investigations and prosecutions of U.S.-based gangs that forge working relationships with the Mexican drug trafficking organizations (DTOs). Fifth, the Department prosecutes criminals responsible for federal crimes involving trafficking, smuggling, money laundering, kidnapping and violence. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

The Department uses all of its available resources to target, disrupt, and dismantle the Mexican cartels. A few months ago, Attorney General Holder announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort coordinated by the DEA-led Special Operations Division (SOD) that began in May 2007 and targeted the Mexican drug trafficking organization known as the Sinaloa Cartel.

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This cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies--along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States--delivered a significant blow to the Sinaloa Cartel. In addition to the arrests, authorities seized over \$61 million in U.S. currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 191 firearms, 4 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation, also coordinated by SOD, that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of firearms and \$76 million in currency. Perhaps most importantly, Project Reckoning led to the indictment against a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning were tremendous successes in the U.S. government's battle against the Mexican cartels and illustrate the strengths of the Department's strategy. These operations applied the classic law enforcement tools that the Department has successfully wielded against other large and sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, bi-national efforts, coordinated by SOD and led by prosecutors and

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investigators from the Organized Crime Drug Enforcement Task Forces (OCDETF), a program that coordinates and channels elements of the federal government – including the DEA, FBI, ATF, USMS, U.S. Attorney’s Offices, and the Department’s Criminal Division, as well as ICE, CBP, and the Internal Revenue Service-Criminal Investigations Division (IRS). In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. These multi-year investigations will result in federal prosecutions in numerous states by various U.S. Attorneys’ Offices and the Criminal Division’s Narcotics and Dangerous Drug Section.

We believe the Administration has the right strategy for stopping the violence spawned by the cartels. But despite recent successes by the Administration, we also recognize that there is much more work to do. The cartels remain powerful and continue to move drugs into the United States. Guns and cash moving south continue to fuel the cycle of violence in Mexico. As a result, the Department of Justice, in conjunction with our other federal partners, are working together to address these threats.

The Dimensions of the Current Threat

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to 6,200 murders. Almost 10 percent of the murders in 2008 involved victims who were law enforcement officers or military personnel. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies -- primarily in Mexico but increasingly in U.S. communities as well.

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Although violence in Mexico has existed over the years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the Mexican government's vigorous counter-drug efforts. Traffickers display the bodies of their tortured victims to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Calderon and Attorney General Medina-Mora took office in 2006, and with support from the United States, the Government of Mexico undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and currency. Mexican law enforcement agencies have arrested many high level drug cartel members who are being extradited in record numbers to face prosecution in the United States. This unprecedented pressure from the Government of Mexico has led to the retaliatory violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest border.

The violence in Mexico has direct and serious effects in the United States. According to NDIC's *2009 National Drug Threat Assessment (NDTA)*, within the realm of drug trafficking organizations, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian drug trafficking organizations generate, remove and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is believed to

be smuggled in bulk across the border back into Mexico; as noted above, this currency further fuels the drug trade and its attendant violence. Similarly, firearms trafficking from the United States to Mexico contributes to escalating levels of violence on both sides of the border, as cartel-affiliated groups and U.S.-based gangs, both often armed with military firearms, serve as enforcement arms of the Mexican drug cartels. We look forward to working in collaboration with Mexican authorities to build their capacity to assess all the weapons seized and provide better definition of arms trafficking across our shared border.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General's Consolidated Priority Organization Target list of international "Most Wanted" drug kingpins. Of the approximately 55 worldwide cartels currently on the list, 20 of them are Mexican enterprises. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

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Second, the Department leads three multi-agency intelligence centers and an operational center that provide tactical, operational, and strategic support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) currently involves the participation of more than 20 agencies. EPIC provides critical, case-specific tactical intelligence to law enforcement consumers. For example, if a highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver or passengers that can be provided in real time. EPIC focuses specifically on the Southwest border but tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest border. In addition, the FBI, already a contributing member at EPIC, is in the process of increasing its participation there by creating its Southwest Intelligence Group (SWG). The SWG will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity. The SWG head will also serve as an Associate Deputy Director of EPIC.

SOD, also led by DEA, is best described as an operations center, rather than an intelligence center, because its functions go beyond the gathering and processing of intelligence. It provides operational targeting, support, and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. SOD targets the command and control communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level, and the operations coordinated by SOD include OCDETF investigations. Operation Xcellerator and Project

Reckoning were OCDETF investigations that were both initiated and coordinated through SOD. The transnational nature of narcotics trafficking triggers a combined Federal, State and local agency response directed at stopping the flow of narcotics into our communities and they are often brought together through the OCDETF Program and their efforts coordinated through SOD. SOD also plays a critical role in deconflicting these operations.

The OCDETF Fusion Center (OFC) is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, CBP, NDIC, EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. The OFC provides critical law enforcement intelligence support for long-term and large-scale investigations, complementing the mission of SOD by providing non-communications intelligence at an operations level. The OFC conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations through its fused database, Compass. Using the protocols established by SOD, the OFC passes actionable leads to field investigative units.

The third Department-led intelligence center is NDIC, which provides policy makers and resource providers with strategic drug intelligence. In addition to producing the *NDTA*, NDIC produces regional and subject-specific threat assessments. These include OCDETF Regional Assessments, including the Southwest Region. NDIC provides Document and Media Exploitation (DOMEX) support to field agents and prosecutors to facilitate the analysis of seized evidence. NDIC also provides DOMEX training and software to foreign law enforcement partners, including Mexico.

Focused Law Enforcement Initiatives

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The Department's efforts are focused on three underlying aspects of the Southwest Border threat: drugs, guns, and illegal drug proceeds. These efforts include an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

I. Movement of Drugs

DEA has the largest U.S. law enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources at the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico supports and/or facilitates operations by both the Mexican Federal Police and Military Special Forces to locate and capture cartel leaders and their associates. Project Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units (SIU), elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations.

DEA also targets the cartels through its "Drug Flow Attack Strategy" (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major drug trafficking organizations. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with other federal agencies on EPIC's "Gatekeeper Initiative." A "Gatekeeper" is a person or group whose role is "to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will

of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative, combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the USMS, IRS, ICE, ATF, and CBP to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with DHS to implement its “License Plate Reader Initiative” (LPR) in the Southwest border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. This information can be compared with DEA and CBP databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico. DEA and other law enforcement agencies will soon be able to submit queries to the database and obtain near real-time responses and can place alerts on suspect license plates.

2. Trafficking of Guns

ATF, in collaboration with other law enforcement entities, such as ICE and CBP, seeks to identify, investigate, interdict and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF's comprehensive strategy to combat firearms-related violence by the cartels along the Southwest border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border.

Congress has recently allocated an additional \$15 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with Special Agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance who represent a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the firearms of choice for drug cartels. In addition, the funds will be used to send additional Special Agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest border. When a firearm is traced, specific identifying information -- including the make, model, and serial number -- is entered in the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. ATF received \$4.5 million in asset forfeiture funds to initiate a Spanish

version of ATF's e-trace to Mexico from Treasury's Asset Forfeiture fund, as a complement to the Merida Initiative efforts. ATF is working with Mexican officials to increase their current usage of the gun tracing system, with deployment to nine U.S. consulates in Mexico set for December of this year.

As part of President Obama's commitment to President Calderon on his recent trip to Mexico, ATF will also work to bridge the Integrated Ballistic Identification Systems (IBIS) that stores digital photos and arms-related information related to criminal investigations IBIS systems in order to share digital images, ballistic markings, other arms-related information to help identify leads in violent crimes both in Mexico and in the United States. Our efforts will be further enhanced with the President's commitment to urge the Senate to provide its advice and consent in order to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to seize and forfeit their assets as well. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican drug trafficking organizations. Every OCDETF approved investigation must include a financial component designed to identify and ultimately forfeit the illegal assets of the targeted organization.

Additionally, the Department has established a "Bulk Currency Money Laundering Initiative," an OCDETF Southwest Region Strategic Initiative that investigates bulk currency

movement along transportation routes in the Southwest. Although we do not know the exact amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, NDIC estimates that Mexican and Colombian DTOs generate, remove, and launder approximately \$18-\$39 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States, a large portion of which is believed to be smuggled in bulk across the border back into Mexico. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled currency. Again, we have worked in partnership with other federal agencies which have primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies' efforts through coordination and cooperative investigation. Federal agencies currently participating in this initiative include ATF, DEA, FBI, ICE, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion was forfeited under the Department of Justice's Asset Forfeiture Program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed above, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities including narcotics trafficking, firearms

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trafficking, violent crimes, and immigration offenses. Although the Assistant U.S. Attorneys (AUSAs) in these 5 border district offices comprise only 11 percent of the nation's AUSAs, in FY 2008, they were responsible for 35 percent of all felony cases, 68 percent of all felony immigration cases, and 35 percent of all non-OCDETF narcotics cases filed in U.S. District Courts nation-wide. Each of the Southwest Border United States Attorneys' offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorneys' offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited from Mexico in January 2007. In December 2008, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel charged in the Southern District of Florida. In February of 2009, Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. In March

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of this year, the Mexican government announced the arrest of Vicente Zambada-Niebla, a top Sinaloa cartel figure, who has been indicted on federal narcotics charges in the U.S. In April, the Mexican army arrested Vicente Carrillo-Leyva, second in command of the Juarez Cartel and the son of the late Amado Carrillo-Fuentes, the original Juarez Cartel head.

To build upon these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Division's Office of International Affairs (OIA), which will focus on OCDETF cases involving the highest-level Mexico-based targets. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

In addition, through its regional fugitive task forces and district-based violent offender task forces, the USMS works with state and local police agencies on both sides of the border to locate and arrest offenders who have committed drug crimes or drug-related crimes of violence in the United States and subsequently fled abroad, as well as those who have been charged in the United States but remain resident in other countries. These USMS-led task forces place a high priority on apprehending cartel-related fugitives both domestically and internationally. In FY 2008, USMS arrested 269 violent cross-border felony fugitives, and it currently has 165 cross-border violent felony fugitive arrests for FY 2009.

The USMS also leads the Mexico Investigative Liaison (MIL) Program, which focuses a coordinated effort on international fugitive matters along the Southwest Border. The purpose of this district-based violent crime initiative is to enhance the effectiveness of the USMS' apprehension of violent cross-border fugitives wanted in Mexico or the United States. The 42

Deputy U.S. Marshals currently assigned to the MII program work under the auspices of the USMS Foreign Field Office in Mexico City. This program enhances international fugitive efforts by establishing and maintaining contact with USMS Mexican counterparts by sharing real-time law enforcement intelligence information.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, in order to be more effective in combating the Mexican cartels, the Department has taken the following steps to buttress our law enforcement resources along the Southwest border and in Mexico.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams (METs) to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest border field divisions. 29 percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest border within the next 45 days.** Based on ATF intelligence, analysis of firearms trace data, and firearms trafficking patterns, ATF is redeploying 105 employees, including 68 agents, to work on a temporary detail called Gunrunner Impact Teams (GRIT). The personnel will be located primarily in Houston and South Texas. The FY 2009 Budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, TX; El Centro, CA; and Las Cruces, NM), and to assign two special agents to

each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-trafficking-related issues. ATF will also open new Gunrunner field offices in Phoenix, AZ and Houston, TX under the FY 2009 Budget and will add 30 additional ATF personnel in those areas.

- **USMS Fugitive Apprehension and Violent Crime Response:**

Over the last eight months, the USMS has deployed an additional 94 Deputy U.S. Marshals to district offices and will be sending four additional deputies to assist the Mexico City Foreign Field Office in order to step-up efforts along the Southwest Border. In addition, new Criminal Investigators have been placed in the asset forfeiture field units along the Southwest Border. These new positions will support U.S. Attorneys' Offices and investigative agencies in the investigation of cartels and other large-scale investigations. To assist in securing the Mexican side of the border, USMS is providing training courses to our Mexican law enforcement counterparts, resulting in increased intelligence and operational reciprocity as it relates to fugitive investigations and violent crime initiatives. USMS has trained and equipped approximately 200 Mexican law enforcement officers since 2001, resulting in a 240% increase in the number of violent felony fugitives arrested.

- **OCDETF is adding to its Strike Force capacity along the Southwest border:** In order to foster the enhanced intelligence sharing and coordination necessary to achieve the optimum intelligence-driven, strategic enforcement approach against the most enduring and elusive targets, OCDETF has established Co-Located Strike Forces in key cities across the country, including San Diego and Houston. These Strike Forces operate as true task forces, whose multi-agency members are housed in a common office separate

and distinct from any of their parent agencies. Through constant, daily interaction with each other, while still enjoying the resources and support of their parent agencies, the members of the OCDETF Co-Located Strike Forces have achieved great success against the major Colombian and Mexican cartels. OCDETF is expanding the staffing of its San Diego and Houston Strike Forces; within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and has plans to place an NDIC DOMEX team with each Strike Force.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on Organized Crime and Drug Enforcement Task Forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of our border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.
- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$40 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in

High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.

- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, TX this summer on illegal straw purchasing. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

Conclusion

Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest border, as well as our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous firearms – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.

Mr. SCOTT. We have been joined by the gentleman from Florida
Mr. Rooney.
We will continue with Mr. Nieto.

TESTIMONY OF SALVADOR NIETO, DEPUTY ASSISTANT COMMISSIONER, OFFICE OF INTELLIGENCE AND OPERATIONS COORDINATION, U.S. CUSTOMS AND BORDER PROTECTION, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. NIETO. Thank you, and good afternoon.

Chairman Scott, Ranking Member Gohmert, Members of the Subcommittee, it is a privilege and an honor to appear before you today to discuss the work of U.S. Customs and Border Protection. CBP is the largest uniformed Federal law enforcement agency in the country. We station over 20,000 CBP officers at access points around the Nation at air, land and sea ports. By the end of fiscal year 2009, we will have deployed over 20,000 Border Patrol agents between the ports of entry. These forces are supplemented with 980 Air and Marine agents, with 2,260 agricultural specialists and with other professionals. These personnel are key to the implementation of Secretary Napolitano's Southwest Border Initiative that she announced in March.

A key and growing area of emphasis for CBP involves the interdiction of weapons and currency. Escalating violence in the border regions and in the interior of Mexico poses a significant threat to both the United States and Mexico. Secretary Napolitano has tasked all DHS components, including CBP, to examine how we can increase our enforcement activities in an effort to mitigate southbound weapon and currency smuggling to the extent that resources and infrastructure allow.

We have ongoing initiatives by way of short-term plus-ups and operations plans that call for enhanced resources to include State and local law enforcement agencies, the mobility of CBP resources from outside the immediate area and the national level tactical teams, such as the Border Patrol Tactical Unit and Field Operations Special Response Teams. We continue enhancing our plans to address all threats and all hazards at the borders.

A majority of the illegal drugs consumed in the United States originate from or pass through Mexican territory or territorial seas. Huge illicit trafficking profits flow back into Mexican drug trafficking organizations across our common border. The Mexican Government's ability to confront its drug-trafficking industry and its willingness to cooperate with U.S. efforts directly affect the impact of any Southwest Border Initiative.

CBP has established positions at the El Paso Intelligence Center, otherwise known EPIC, at the Organized Crime Drug Enforcement Task Force Fusion Center and at the DEA Special Operations Division. These initiatives enhance interaction with the Intelligence Community and with law enforcement agencies.

Additionally, CBP's Office of Intelligence and Operations Coordination established a National Post-Seizure Analysis Team, and is in the process of establishing Intelligence Operations Coordination Centers, known as IOCCs, in the field. The IOCCs will make CBP a more fully integrated, intelligence-driven organization by linking intelligence efforts and products to operations and interdictions.

CBP works with other agencies to provide actionable intelligence to the Joint Interagency Task Force-South, JIATF-S. This intelligence is used to interdict the flow of cocaine from northern South America to the United States.

The detection of U.S.-Mexican border air intrusions is essential to effective interdiction operations along our border with Mexico. The primary means of detection is a large radar network, monitored at the Air and Marine Operations Center, or the AMOC, in Riverside, California. Personnel at the AMOC detect aircraft, short landings and border penetrations, and they coordinate CBP assets and Mexican interdiction assets to intercept, track and apprehend smugglers as they traverse the U.S.-Mexico border.

CBP continues its evolution to become a more integrated, intelligence-driven organization, and we are in the process of establishing a robust field organization. Intelligence gathering and predictive analysis require new collection and processing capabilities. CBP is also developing the analytical framework for intelligence and a set of data-processing tools that will improve the effectiveness of CBP and of other DHS analysts in detecting, locating and in analyzing terrorist networks, drug-trafficking networks and similar threats. These intelligence and operational coordination initiatives complement the Secure Border Initiative's technology programs.

Thank you for the opportunity to describe our plans for border security and to highlight some of our progress to date. With your continued support of DHS, CBP and ICE, I am confident that we will continue to make tremendous strides in increasing the control of our borders. I look forward to your questions.

[The prepared statement of Mr. Nieto follows:]

PREPARED STATEMENT OF SAL NIETO

Chairman Scott, Ranking Member Gohmert, Members of the Subcommittee, it is a privilege and an honor to appear before you today to discuss the work of U.S. Customs and Border Protection (CBP), particularly the tremendous dedication of our men and women in the field both at and between our ports of entry.

CBP is the largest uniformed federal law enforcement agency in the country with over 20,000 CBP officers; 18,800 Border Patrol agents; over 1,000 Air and Marine agents; 2,280 agricultural specialists; and other professionals. These personnel are key players to the implementation of Secretary Napolitano's Southwest Border Security Initiative announced in March.

I am pleased to report that CBP continues to achieve success in performing our traditional missions, which include stemming the flow of illegal drugs and contraband, protecting our agricultural and economic interests from harmful pests and diseases, protecting American businesses from theft of their intellectual property, enforcing textile agreements, tracking import safety violations, protecting the economy from monopolistic practices, regulating and facilitating international trade, collecting import duties, and enforcing United States trade laws. At the same time, our employees maintain a vigilant watch for terrorist threats. In FY 2008, CBP processed more than 396 million pedestrians and passengers, 122 million conveyances, 29 million trade entries, examined 5.6 million sea, rail, and truck containers, performed over 25 million agriculture inspections, apprehended over 720 thousand illegal aliens between our ports of entry, encountered over 220 thousand inadmissible aliens at the ports of entry, and seized more than 2.8 million pounds of illegal drugs.

We must perform our important security and trade enforcement work without stifling the flow of legitimate trade and travel that is so important to our nation's economy. These are our twin goals: border security and facilitation of legitimate trade and travel.

SUPPORT OF U.S./MEXICAN COUNTER-DRUG AND COUNTER-TERRORISM INITIATIVES

A key and growing area of emphasis involves DHS's role in interdicting the illegal flow of weapons and currency into Mexico. The recent surge in violence in the interior and border cities of Mexico poses a significant threat in Mexico and is a serious concern of the United States. Secretary Napolitano has tasked all DHS components,

including CBP, to examine how we can reasonably increase our enforcement activities in an effort to identify and interrupt efforts to smuggle weapons and bulk cash shipments into Mexico.

A majority of the illegal drugs consumed in the United States originate from or pass through Mexican territory and territorial seas. Illicit trafficking profits flow back to Mexican drug trafficking organizations across our common border. The Mexican government's ability to confront its drug trafficking industry and its willingness to cooperate with U.S. efforts directly affect the impact of any southwest border activities.

In a spirit of cooperation, CBP has established positions at the El Paso Intelligence Center (EPIC), the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, and the DEA Special Operations Division. These initiatives enhance interaction with the Intelligence Community (IC) and law enforcement agencies to more effectively facilitate the collection, analysis, and dissemination of actionable drug-related intelligence as well as two full-time positions at the National Gang Intelligence Center (NGIC), and has also partnered with the National Gang Targeting, Enforcement and Coordination Center (GangTECC).

EPIC, originally established in an effort to improve drug and border enforcement operations along the Southwest Border, has broadened its mission becoming international in scope. Centrally located in El Paso, it also has the following representation: the Department of Homeland Security; CBP; Immigration & Customs Enforcement; U.S. Coast Guard; U.S. Secret Service; Drug Enforcement Administration; Federal Bureau of Investigation; Bureau of Alcohol, Tobacco, Firearms and Explosives; U.S. Marshals Service; National Drug Intelligence Center; Internal Revenue Service; Department of the Interior; National Geospatial-Intelligence Agency; Department of Defense; Joint Task Force—North; Joint Interagency Task Force—South; Texas Department of Public Safety; and other state and local agencies. The multi-agency environment of EPIC makes it ideal for the exchange of information and intelligence.

Additionally, CBP's Office of Intelligence and Operations Coordination established a National Post Seizure Analysis Team (PSAT) at the National Targeting Center-Cargo and is in the process of establishing Intelligence Operations Coordination Centers (IOCC) with the first one under construction in Tucson, Arizona. The IOCCs will make CBP a more fully integrated, intelligence driven organization by linking intelligence efforts and products to operations and interdictions.

Operation Panama Express is an OCDETF initiative, executed through OCDETF Co-located Strike Forces, in which CBP participates with the Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), U.S. Immigration and Customs Enforcement, Internal Revenue Service—Criminal Investigations Division, the U.S. Coast Guard, and multiple state and local law enforcement agencies in a multi-agency international drug flow investigation that combines detection and monitoring, investigative, and intelligence resources to provide actionable intelligence to Joint Interagency Task Force—South (JIATF-S) operations to interdict the flow of cocaine from northern South America to the United States. JIATF-S interdiction operations in the transit zone supported by CBP P-3 Airborne Early Warning, Coast Guard HC-130, Coast Guard vessels, and CBP P-3 Tracker aircraft interdict large, sometimes multi-ton, shipments before they can be split into smaller loads for movement across the southwest border over multiple routes and distributed to U.S. cities, towns, and small communities.

CBP is also responsible for detecting and preventing unauthorized incursions into the United States. Toward this end, CBP continues to work with the Mexican Government in the development of increased law enforcement surveillance and interdiction capabilities. Detection of U.S./Mexican border air intrusions is essential to effective interdiction operations along our borders with Mexico. The primary means of detection is a large radar network, monitored at the Air and Marine Operations Center (AMOC) in Riverside, California. Information is fed to the AMOC through a network of airborne early warning, aerostat, Federal Aviation Administration (FAA), and ground based radar systems. Personnel at the AMOC detect aircraft "short landings" and border penetrations and coordinate CBP and Mexican interdiction assets to intercept, track, and apprehend smugglers as they transverse the U.S./Mexico border.

The Government of Mexico maintains a strong commitment to interdiction. CBP will continue to assist the Government of Mexico in its counterdrug effort, including Command, Control, Communications, and Information support.

INTELLIGENCE AND OPERATIONAL COORDINATION

CBP continues to evolve into a more integrated, intelligence-driven organization and we are in the process of establishing a robust field organization. The CBP Office Intelligence and Operations Coordination is in the process of developing capabilities which will integrate CBP intelligence and operational elements for more effective command and control, mission deployment, and allocation of resources.

Intelligence gathering and predictive analysis require new collection and processing capabilities. CBP is also developing the Analytical Framework for Intelligence (AFI), a set of data processing tools that will improve the effectiveness of CBP and other DHS analysts in detecting, locating, and analyzing terrorist networks, drug trafficking networks, and other threats. These intelligence and operational coordination initiatives complement the Secure Border Initiative's (SBI) technology programs.

SOUTHWEST BORDER INITIATIVE

In March, Secretary Napolitano announced a far-reaching Southwest Border Initiative to crack down on Mexican drug cartels through enhanced border security, including the deployment of hundreds of new personnel, enhanced intelligence technology that will maximize capabilities and better coordination with other federal law enforcement entities such as the Department of Justice, the Bureau of Alcohol, Tobacco and Firearms, DEA, and FBI as well as state, local, and Mexican law enforcement authorities. The Secretary's initiative calls for a number of CBP actions:

Initiates 100 percent southbound rail scanning—Customs and Border Protection formerly did not screen any of the cargo traveling by rail from the United States into Mexico; it is now scanning all of rail cargo for weapons, ammunition, and currency. Existing non-intrusive inspection equipment is being used to detect contraband in cargo on each of the eight rail crossings on the southwest border.

Adds Border Patrol Agents—CBP is placing 100 more Border Patrol agents at southwestern ports of entry to bolster outbound inspections from the U.S. into Mexico in order to detect arms and bulk-cash smuggling. In the past, the Border Patrol has not ordinarily served in this capacity.

Adds Mobile Response Teams—Three Mobile Response Teams of 25 CBP officers each are periodically deploying to the southwest border to participate in focused operations developed to combat arms and bulk cash smuggling.

Augments Search Technologies—An additional nine Z-Backscatter mobile X-ray units have been moved to the southwest border to help CBP identify anomalies in passenger vehicles.

Engages Canine Teams—A total of twelve teams of "cross-trained" canines—trained to identify both weapons and currency—have been deployed to the southwest border.

Adds License Plate Readers—Outbound lanes currently equipped with license plate readers will receive upgraded license plate reader technology to improve CBP's ability to identify the vehicles of known or suspected smugglers of cash, weapons, drugs, or persons. This information is shared with other law enforcement agencies through EPIC and the OCDETF Fusion Center.

Enhances Operation Stonegarden Grant Funding on the Border—Grant guidance for the remaining balances in Operation Stonegarden from FY 2006 to FY 2008 will be modified to enhance current state, local, and tribal law enforcement operations on the southwest border. The new guidelines will expand the scope of what the funds can be used for, freeing up to \$59 million for state, local, and tribal law enforcement on the border to pay for additional law enforcement personnel, operational overtime expenses, and travel or lodging for deployment to the southwest border.

Actively Engages State, Local, and Tribal Law Enforcement—DHS is aggressively reaching out to law enforcement in border communities, recently conducting a firsthand tour of state and local law enforcement operations along the southwest border and leading bi-monthly conference calls with chiefs of police and sheriffs in a classified setting.

CONCLUSION

Thank you for the opportunity to describe our plans for border security and to highlight some of our progress to date. With your continued support of CBP, I am confident that we will continue to make tremendous strides in increasing control of our borders.

I look forward to your questions.

Mr. SCOTT. Ms. Ayala.

TESTIMONY OF JANICE AYALA, DEPUTY ASSISTANT DIRECTOR, OFFICE OF INVESTIGATIONS, U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY

Ms. AYALA. Chairman Scott, Ranking Member Gohmert and distinguished Members of the Subcommittee, on behalf of Secretary Napolitano and Acting Assistant Secretary Torres, I thank you for the opportunity to discuss ICE's efforts to combat cross-border violence and crime and related violence.

ICE has the most expansive investigative authority and the largest force of investigators within DHS, but this challenge cannot be addressed by any one agency. Partnerships are essential, and ICE works closely with foreign, Federal, tribal, State, and local agencies to secure our borders, including the agencies that my colleagues here today represent.

DHS recognizes that southbound weapons smuggling is of grave concern amid growing violence along our border with Mexico. This violence requires a comprehensive bilateral effort. On January 30, Secretary Napolitano responded by issuing a Border Security Action Directive, which focused the wide-ranging authorities of the Department on the violence along our southern border. The Secretary emphasized the necessity of a broad, multiagency response to attack the flow of weapons and money that continues to fuel the violence.

ICE contributes to the spike principally through two bilateral initiatives: Operation Firewall, to counter bulk cash smuggling, as well as Operation Armas Cruzadas, to counter weapons smuggling. The ICE-led Border Enforcement Security Task Forces provide a comprehensive, multiagency platform to fight these particular threats.

Under Armas Cruzadas, U.S. and Mexican investigators synchronize bilateral law enforcement and intelligence-sharing activities in order to detect, disrupt and dismantle these weapons-smuggling networks. Key supporting actions include use of ICE's longstanding authorities under the Arms Export Control Act, as well as newly acquired export authority that is particularly useful in targeting these weapons-smuggling networks.

To more seamlessly investigate these networks that span our common border, BEST, ICE attache offices, a U.S.-vetted Mexican arms trafficking group, and the ICE Border Violence Intelligence Cell exchange weapons-related intelligence. For example, in August of last year, an ICE investigation developed information that was rapidly shared with Mexican investigators regarding a safe house in Nogales, Sonora, used by cartel hitmen. A subsequent search resulted in 6 arrests, a seizure of police uniforms, a large amount of U.S. currency, 12 weapons, and 4 stolen U.S. vehicles.

Intelligence stemming from single actions like this is analyzed by the BVIC, who, in conjunction with other DHS intelligence components, produce a strategic assessment focused on southbound weapons smuggling.

Let me show you another example of how ICE partners with others in combating weapons smuggling. ICE, ATF and the San Anto-

nio Police Department initiated an investigation of Ernesto Olvera-Garza, a Mexican national at the time of his arrest in October 2007, trafficking high-powered, high-capacity handguns and assault rifles. He led a gun-smuggling conspiracy that purchased and smuggled more than 50 weapons into Mexico. One of these weapons was recovered after it was used in a gun battle where two Mexican soldiers were killed. Olvera-Garza pleaded guilty to violations of Title XVIII, U.S.C. 554, 922 and 371, and he has been sentenced to 144 months incarceration.

Since the initiation of Armas Cruzadas, over 1,440 weapons and over 122,000 rounds of ammunition have been seized and over 329 individuals arrested.

One of the most effective methods in dealing with violent, transnational, criminal organizations is to track the criminal proceeds that fund their operations. As we have hardened formal financial systems throughout the United States, the smuggling of bulk currency out of the country has been on the rise. ICE investigates bulk-cash smuggling as part of its border crime portfolio.

ICE and CBP conduct Operation Firewall interdiction operations, investigations with Mexican Customs, and ICE trains Mexican money-laundering vetted units. Since its inception, Firewall has seized over \$195 million, including \$64 million seized overseas in more than 452 arrests.

The principal investigative platform for both Armas Cruzadas and Firewall are the 10 multiagency BESTs located along high-threat smuggling corridors along the southwest border. Created to specifically address border violence, these BESTs concentrate on top threats within their geographic areas, including weapons, bulk cash, narcotics and alien smuggling. Through BEST, we have dismantled arms trafficking, human trafficking, bulk cash, alien and narcotics smuggling organizations, and their hostage-taking and murder-kidnapping cells in the United States and in Mexico.

Since July of 2005, BESTs have been responsible for more than 5,100 arrests and for the seizure of about 190,000 pounds of narcotics, of thousands of weapons, and of almost \$25 million in U.S. currency.

ICE is committed to effective cross-border communication and information sharing to stem binational criminal activity and its associated violence through the deployment of BESTs, Operation Armas Cruzadas and Operation Firewall. By partnering with other law-enforcement agencies, we are able to use a broad range of authorities, including the most sophisticated investigative tools, to respond to and to conduct our investigations.

Once again, I would like to thank the Subcommittee for its continued support of ICE in our law-enforcement mission, and I would be happy to answer any questions that you may have at this time.

Mr. SCOTT. Thank you very much.

[The prepared statement of Ms. Ayala follows:]

PREPARED STATEMENT OF JANICE AYALA

INTRODUCTION

Chairman Scott, Ranking Member Gohmert, and distinguished Members of the Subcommittee:

On behalf of Secretary Napolitano and Acting Assistant Secretary Torres, I would like to thank you for the opportunity to discuss U.S. Immigration and Customs Enforcement's (ICE) efforts to combat cross-border smuggling organizations and the violence related to their enterprises. ICE has the most expansive investigative authority and largest force of investigators in the Department of Homeland Security (DHS), and we protect national security and uphold public safety by targeting transnational criminal networks and terrorist organizations that seek to exploit vulnerabilities at our borders. Recognizing that partnerships are essential, ICE works closely across agency and international boundaries with our law enforcement partners at the foreign, federal, tribal, state and local level creating a transparent border and united front to disrupt and dismantle criminal organizations.

ICE's expertise in combating smuggling organizations that exploit vulnerabilities in the sea, air, and land environments has proven essential in countering the bilateral smuggling of narcotics, illicit money, and other dangerous goods, people, and materials that threaten the well-being of the United States. Our law enforcement presence extends beyond our borders. ICE has agents in attaché offices in embassies and consulates worldwide. I am proud of these agents who work with their foreign counterparts to combat crime that originates overseas but may eventually cross the Nation's borders.

Let me share with you an example of the mutual security benefits we continue to derive through our partnerships with Mexican law enforcement agencies such as Secretaria de Seguridad Publica (SSP). In August 2008, ICE agents provided confidential information to SSP through our Assistant Attaché in Hermosillo, Mexico about a residence allegedly used to store weapons and narcotics and which was believed to be a safe house for security personnel ("hit men") for the Vicente Carrillo Fuentes drug trafficking organization (DTO) operating in Nogales, Sonora. SSP executed a search warrant at this residence that resulted in six arrests, the seizure of police uniforms, a large amount of U.S. currency, 12 weapons, and four stolen U.S. vehicles. The six people arrested are suspected of being involved in two separate crimes: first, an armed confrontation on August 5, 2008, in Nogales, Sonora where a civilian was injured after a grenade was detonated during a shootout between two DTOs, and second, the murder of two Mexican nationals whose bodies were found with threatening messages from rival narcotics traffickers.

DHS recognizes that southbound weapons smuggling is a grave concern amid the growing violence along our border with Mexico. This violence requires a comprehensive, bilateral effort and on January 30, 2009, Secretary Napolitano responded by issuing a Border Security Action Directive which focused the wide-ranging authorities of the Department on the rampant violence along our Southwest Border. On March 24, she announced several Southwest Border initiatives designed to crack down on Mexican drug cartels through enhanced border security. The plan calls for additional personnel, increased intelligence capability and better coordination with state, local and Mexican law enforcement authorities. With violence escalating across the border, DHS will increase personnel and improve screening and technology to help Mexico target illegal guns, drugs and cash.

The Secretary emphasized the necessity of a broad, multi-agency response to attack the flow of weapons and money that continues to fuel the violence. ICE contributes to that fight through two principal bilateral initiatives: Operation Firewall to address bulk cash smuggling; and Operation Armas Cruzadas, to detect, disrupt and dismantle weapons smuggling networks. Particularly in Armas Cruzadas, ICE-led Border Enforcement Security Task Forces (BESTs) function as critical enablers in coordinating a comprehensive, multi-agency approach to fighting weapons smuggling. These DHS task forces include important partners such as Customs and Border Protection (CBP), Alcohol, Tobacco, Firearms and Explosives (ATF) and other foreign, federal, state and local task force officers. When it comes to countering the illicit weapons trade in particular, we closely coordinate our efforts with ATF, as they possess long-standing expertise in gun trafficking investigations and in engagement with Federal Firearms Licensees.

Armas Cruzadas:

The rampant border violence along the United States/Mexico border is a direct result of criminal organizations attempting to exert their control over not only the democratically elected officials of the Mexican government but also rival criminal or-

ganizations. For instance, many of the instruments of this violence are weapons smuggled from the United States into Mexico.

Criminal organizations commonly use straw purchasers with clean criminal histories to purchase firearms and turn them over to smugglers. The challenge in countering the smuggling activity is compounded by the reliance on the technique called "ant trafficking," where small numbers of weapons are smuggled through multiple ports-of-entry, on a continued basis.

In June 2008, ICE formally launched Operation Armas Cruzadas to combat transnational criminal networks smuggling weapons into Mexico from the United States. As part of this initiative, the United States and the Government of Mexico (GoM) synchronize bilateral interdiction, investigation and intelligence-sharing activities to identify, disrupt, and dismantle these networks engaged in weapons smuggling. Key components of Armas Cruzadas include training for BEST task force officers and our partners in ICE's long-standing authorities under the Arms Export Control Act, as well as newly-acquired export authority under Title 18, United States Code, Section 554 (Smuggling goods from the United States). This statute augments the broad arsenal of cross-border criminal authorities available to ICE investigators, and is particularly useful in targeting weapons smuggling. Another important Armas Cruzadas component is industry outreach, including presentations to groups involved in the manufacture, sale, or shipment of firearms and ammunition along the southwest border. This industry outreach includes a collaborative initiative between ICE and Mexico's Procuraduria General de La Republica (PGR) prosecutors to produce bilingual posters identifying potential penalties for weapons smugglers under U.S. export and Mexican gun trafficking laws. The posters solicit the public for information related to these schemes, and are displayed in shops and agencies in the border region, including ports-of-entry. The Government of Mexico has also distributed these posters within Mexico.

In addition to outreach, more rapid exchange of information is essential to success in confronting the southbound weapons flow. Armas Cruzadas strengthens bilateral communication through deployment of ICE Border Liaisons to sustain cooperative working relationships with foreign and domestic government entities; and also through a Weapons Virtual Task Force, comprised of a virtual online community where U.S. and Mexican investigators can share intelligence and communicate in a secure environment. In order to more seamlessly investigate the networks that span our common border, BESTs, ICE attaché offices, a U.S.-vetted GoM Arms Trafficking Group, and the Border Violence Intelligence Cell exchange cross-border weapons-related intelligence. The Border Violence Intelligence Cell, housed at the El Paso Intelligence Center (EPIC), along with the ATF weapons desk, serves as ICE's central point for analyzing all-source intelligence and trends in firearms smuggling. In December of last year, this cell, in conjunction with DHS intelligence components, produced a strategic assessment of southbound weapons smuggling that guided increased weapons investigation and interdiction operations along the Southwest Border.

Let me share an example of how ICE partners with others, such as ATF and local investigators, in combating weapons smuggling. ICE, ATF, and the San Antonio Police Department initiated an investigation of Ernesto Tornel Olvera-Garza of Monterrey, Mexico who first began trafficking in hunting rifles in June 2005. During the course of the investigation, agents learned that between 2006 and the time of his arrest in October 2007, he trafficked in high-powered, high-capacity handguns and assault rifles. Since his temporary visa did not allow him to legally buy guns in the United States,

Mr. Olvera-Garza instead paid people in the United States to buy guns for him and lied about who the guns were for. Mr. Olvera-Garza organized and led the gun-smuggling conspiracy, which included at least nine "straw purchasers" who purchased firearms on his behalf. More than 50 weapons were purchased and smuggled to Mexico as part of this ring. One of Mr. Olvera-Garza's smuggled pistols was recovered in Mexico after it was used in a running gun battle where two Mexican soldiers were killed. Mr. Olvera-Garza has pleaded guilty and is pending sentencing.

Since the initiation of Operations Armas Cruzadas, DHS has seized 1,440 weapons, 122,410 rounds of ammunition and arrested 329 individuals on criminal charges, resulting in 94 criminal indictments and 51 convictions to date.

Operation Firewall:

Another, and one of the most effective methods to deal with violent, transnational criminal organizations is to attack the criminal proceeds that fund their operations. ICE targets those individuals and organizations exploiting vulnerabilities in financial systems to launder illicit proceeds and pursue the financial component of every cross-border criminal investigation. The combination of successful financial inves-

tigations, Bank Secrecy Act (BSA) reporting requirements, and Anti-Money Laundering (AML) compliance efforts by traditional and non-traditional financial institutions has forced criminal organizations to seek other means to transport illicit funds across our borders. As we have hardened these formal financial systems, the smuggling of bulk currency out of the United States, especially along the Southwest Border, has continued to rise. ICE, as the investigative agency with jurisdiction over all border crimes, can investigate bulk cash smuggling (BCS) crimes, which are predicated on the failure to file a Currency and Monetary Instrument Report (CMIR).

The ICE Office of Investigations (OI), along with the ICE Office of International Affairs (OIA) and CBP, coordinates with our state, local, and foreign partners on BCS operations. These operations disrupt the flow of bulk cash that can be used by terrorist groups, drug traffickers, and other criminal organizations. ICE, in concert with CBP, also provides money laundering training and BCS interdiction equipment to our law enforcement partners in the United States and abroad.

ICE has a number of initiatives to address BCS. Operation Firewall focuses on the threat of BCS via commercial and private passenger vehicles, commercial airline shipments, airline passengers, and pedestrians. Since 2005, Operation Firewall efforts have been enhanced to include jump team surge operations targeting the movement of bulk cash destined for the southwest border for smuggling into Mexico. ICE and CBP have conducted various Operation Firewall operations with Mexican customs and the ICE-trained Mexican Money Laundering Vetted Unit. Many Operation Firewall seizures result in criminal investigations to identify the source of the funds and the responsible organizations.

ICE's experience in conducting international money laundering investigations has identified numerous smuggling routes and methodologies used by criminal organizations to launder illicit proceeds. This experience enables ICE, CBP, and our domestic and international partners to concentrate resources. Initially, Firewall operations in Mexico focused on the targeting of commercial flights from Mexico City to Central and South America. In 2008, based on our experience, we expanded Mexico Firewall operations to target shipments in containers departing from the seaport of Manzanillo and the airports of Toluca, Mexicali, Cancun, and Guadalajara. Throughout operations in Mexico, ICE and CBP personnel have trained our Mexican law enforcement partners on passenger analysis and investigative techniques proven effective in the United States.

Operation Firewall produced immediate results. On the first day of operations in 2005 at the Benito Juarez International Airport in Mexico City, Mexican authorities seized \$7.8 million en route to Cali, Colombia concealed inside deep fryers, rotisseries, and voltage regulators. Other notable seizures include \$7.3 million seized inside rolls of fabric and plastic and \$4.7 million concealed inside air conditioning equipment and metal piping destined for Colombia.

Since its inception, Operation Firewall has resulted in the seizure of over \$195 million including over \$64 million seized overseas, and 452 arrests.

On June 26, 2008, Rafael Ravelo, a member of a Mexican based narcotics trafficking organization, was sentenced to 126 months of incarceration and the forfeiture of \$1,147,000. This sentence was the result of the ICE-led Operation Doughboy, an investigation that was initiated prior to Operation Firewall, based on a bulk cash smuggling interdiction. This joint U.S./Mexico investigation involved the monitoring of 18 phone lines of the heads of a Mexican narcotics trafficking organization and began when ICE agents in 2003 successfully linked a \$149,000 bulk cash seizure by the Texas Department of Public Safety to the narcotics trafficking organization.

Border Enforcement Security Task Force (BEST):

As I mentioned before, the principal investigative platform for both Operations Armas Cruzadas and Firewall are the Border Enforcement Security Task Forces (BESTs). These task forces were specifically created to address border violence.

In July 2005, in response to increased violence in Nuevo Laredo, Mexico and Laredo, Texas, ICE, CBP and other federal, state, and local law enforcement agencies, including Mexican agencies, expanded the ongoing Border Crimes Initiative by creating an international, multi-agency initiative, Operation Black Jack. This initiative used the respective authorities and resources of its members to dismantle cross-border criminal organizations. In its first six months, its target-driven focus led to the dismantling of a murder/kidnapping cell operating on both sides of the border, including the seizure of high-powered fully automatic weapons and live grenades; the components to make over 100 improvised explosive devices (IEDs), such as pipe bombs and grenades; and over \$1 million in U.S. currency.

Based on the success of Operation Black Jack, DHS established the first BEST in Laredo, Texas in January 2006. Since that time, we have established 12 BESTs: eight on the Southwest Border; two on the Northern Border; and two at seaports. BEST participants include: ICE (as the lead agency); CBP; ATF; the Drug Enforcement Administration (DEA); the Federal Bureau of Investigation (FBI); the U.S. Coast Guard; the U.S. Attorney's Office; and other federal, state, local and foreign law enforcement.

The BESTs are arrayed along the Southwest Border in high-threat smuggling corridors in: Arizona—Tucson (March 2006), Phoenix (March 2008), and Yuma (March 2008); Texas—El Paso (October 2006) and Rio Grande Valley (March 2007); California—San Diego (November 2006) and Imperial Valley (June 2008); and New Mexico—Deming (March 2009) and Las Cruces (March 2009). In early 2008, the first Northern Border BESTs initiated operations in Blaine, Washington (February 2008) and Buffalo, New York (March 2008). Each BEST concentrates on the prevalent threat in its geographic area, including: cross-border violence; weapons smuggling and trafficking; illegal drug and other contraband smuggling; money laundering and bulk cash smuggling; human smuggling and trafficking; transnational criminal gangs; and tunnel detection. Recently, we established BESTs at the seaports of Los Angeles, California (October 2008), and Miami, Florida (November 2008) to focus on maritime threats including the importation of contraband; commercial fraud; cargo theft; unlawful exportation of controlled commodities and munitions; stolen property; alien smuggling; and exportation of illicit proceeds. These BESTs will target internal conspiracies of corrupt transportation employees who participate in the smuggling of contraband and humans. Crucial to our success is the cooperation of our international partners. At BESTs on the Southwest Border, we have the participation of the Mexican law enforcement agency, SSP. On the Northern Border and in the northern BESTs, we have Canadian law enforcement agencies such as the Canada Border Services Agency, the Royal Canadian Mounted Police, the Ontario Provincial Police, the Niagara Regional Police Service, and the Toronto Metropolitan Police Service. In addition, we have the participation of the Argentinean customs agency at our Miami BEST. Through the interaction and coordination of all the member agencies, BESTs provide for immediate and international enhanced information sharing on border violence due to geographic proximity to the U.S. borders.

Through BESTs, we have dismantled arms trafficking, bulk-cash, alien and narcotics smuggling organizations and their hostage-taking and murder/kidnapping cells in the United States and Mexico. Since July 2005, the BESTs have been responsible for 2,238 criminal arrests, 2,924 administrative arrests, 1,014 indictments, and 846 convictions. In addition, BESTs have seized approximately 9,070 pounds of cocaine, 179,739 pounds of marijuana, 702 pounds of methamphetamine, 99 pounds of crystal methamphetamine, 1,161 pounds of ecstasy, 243 pounds of heroin, 97 pounds of hashish, 22 pounds of opium, 2,075 weapons, 820 vehicles, seven properties, and \$24.7 million in U.S. currency and monetary instruments.

I would like to share a few of our successes with you: the discovery and repatriation by the El Paso BEST of one of Mexico's top ten most wanted fugitives; the arrest by the Laredo BEST of a weapons trafficker supplying cartels with assault rifles used to murder Mexican police officer Navarro Rincon and others; the arrest by the Laredo BEST of a member of the Mexican Mafia in possession of approximately 897 pounds of smuggled marijuana after he attempted to run over a Texas Department of Public Safety officer; and the arrest by the Los Angeles Seaport BEST of an arms trafficker and seizure of 38 military style weapons.

CONCLUSION

In conclusion, ICE is committed to stemming the cross-border criminal activity and associated violence through the deployment of the BESTs, Operation Armas Cruzadas, and Operation Firewall. Partnering with others, we are using a broad range of authorities, including the most sophisticated investigative tools available, such as certified undercover operations and electronic surveillance operations, to disrupt and dismantle these networks.

I thank the Subcommittee Members for their support of ICE, CBP, DHS and our law enforcement mission. I would be happy to answer any questions that you may have at this time.

Mr. SCOTT. Mr. Placido.

TESTIMONY OF ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, UNITED STATES DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

Mr. PLACIDO. Good afternoon.

Chairman Scott, Ranking Member Smith, Members of the Subcommittee, thank you for the opportunity to appear today to discuss the Drug Enforcement Administration's views addressing the violence that is being generated by entrenched criminal organizations based in Mexico, as well as the potential impact of this violence on Americans and on our regional partners. It is vitally important that we accurately describe this problem before we invest taxpayer funds or craft programmatic solutions to deal with it.

Mexico-based drug-trafficking organizations have, over a period of many years, become so powerful that they represent a significant threat to the very authority of the Mexican state. Through the use of corruption, intimidation and violence, these organizations have for far too long been able to act with virtual impunity and to use Mexico as a base of operations from which to run a global criminal enterprise that has adverse consequences for the United States, for Mexico and, indeed, for the world.

Mexican drug-trafficking organizations now dominate wholesale and retail drug distribution throughout the United States. Their impact is felt far beyond our southwest border. The contraband drugs entering the United States from Mexico, the drug proceeds and the weapons entering Mexico from the United States, and the related violence are but symptoms of the larger disease. In fact, it is a mistake, in our view at DEA, to geographically limit this problem or to characterize it as a "border problem" per se.

The task in responding to this pervasive threat is to build a comprehensive, whole-of-government response that is fully integrated with Mexico and our regional partners to attack the problem—the disease—rather than merely mitigating the symptoms. This will require the better coordination of the U.S. interagency effort, not just better coordination between the United States and Mexico.

The importance of focusing on the criminal organizations rather than overemphasizing geography can best be made by examining the supply chain for cocaine. The U.S. interagency estimates, I think, that were quoted here earlier indicate that approximately 91 percent of the cocaine abused in the United States actually transits Mexico before it arrives. The seizure of that cocaine in the transit zone, by which I mean the area from the north coast of Colombia up to Mexico, is measured by the metric ton. For seizures of cocaine at our southwest border, the average seizure is only 47 pounds.

This tells us two important things, at least, from an intelligence perspective. First, we can be far more effective extending our operations south of the border and seizing the contraband in larger quantities, but probably much more important for our purposes is that the organizations—the people who organize, finance, direct, and control this enterprise—have for far too long operated, at least prior to the Calderon administration, with impunity, and have used

Mexico as a base of operations. These criminal power brokers do not personally handle the drugs. They are not the individuals who are smuggling drugs across their border, but they must be dealt with if we are going to make America safer.

While I have no intention of downplaying the important work done at our borders, we did not need an historic opportunity for engagement with Mexico to buttress security at the border. The strategic opening that we now have with Mexico offers an unprecedented opportunity to achieve defense in depth by denying safe haven to criminal organizations that previously operated with impunity from Mexico. Denying safe haven to these traffickers in Mexico will, over time, reduce the flow of contraband and violence from Mexico.

The Merida Initiative is a strategy that is focused on attacking criminal organizations, not geography. The goal of the Merida Initiative is to assist the Calderon administration in breaking the power and impunity to the cartels, while simultaneously fortifying Mexican Government institutions and infrastructure, essentially transforming what has become a national security crisis that has required Mexico to engage tens of thousands of military troops to maintain order into a problem that can be adequately managed with an enhanced Mexican criminal justice system.

This is the problem we face, and it is the problem that we can solve in the next 4 years if we can maintain our focus. We are fortunate to have willing and increasingly capable partners in the Calderon administration to address such a formidable task. With our help, President Calderon and his administration are relentlessly attacking the criminal organizations that have caused so much violence and destruction.

They have made arrests of important leaders from all of Mexico's cartels. These are the people who are responsible for systematically corrupting public institutions and officials, for undermining the rule of law and democratic governance and for challenging regional stability. These are the kingpins who organize, finance, direct, and control the criminal activity that affects us in the form of contraband, drugs and violence.

The Calderon administration has extradited more than 178 defendants to face U.S. justice, and it is reforming its own institutions to better address these criminals in Mexico. We are already seeing indications of success here at home. For the 2-year period from January of 2007 to December of 2008, which essentially corresponds directly with the tenure of President Calderon, we have seen the price per pure gram of cocaine more than double, up 104 percent in the United States, while the purity of that drug has plummeted almost 35 percent.

We have listened to judicially authorized intercepts of conversations between Mexican cartel members in which they describe the unprecedented stress being placed against them by the Calderon administration. Unfortunately, as the Government of Mexico's offensive has dramatically increased the pressure against these criminal organizations, the cartels have responded violently in a desperate attempt to preserve their illegal enterprise. As unfortunate as this violence is, it is not a harbinger of failure, but, rather,

a signpost of success. Mexico must stay the course, and it is in America's best interest to help them in that endeavor.

While intra- and intercartel violence has always been associated with the Mexican drug trade, the cartels are now intentionally targeting Mexican Government officials and innocent civilians. This violence, including the brutal murder of public officials in Mexico, is intended—these mutilated bodies and signs warning of even more graphic violence if they do not break the attack against these organizations is intended to break the public's will to support President Calderon's offensive. President Calderon's determination and resolve to press forward in spite of the sustained wave of brutal violence is commendable, but it has prompted many to examine the potential for spillover effects here in the United States.

Mr. SCOTT. Sir, could you begin wrapping it up?

Mr. PLACIDO. I will wrap it up, sir, by saying that we must seize this unprecedented opportunity to help Mexico take the fight to the criminal organizations, and that helping them play offense is the best way for us to defend America.

Thank you.

Mr. SCOTT. Thank you.

Mr. Hoover.

TESTIMONY OF WILLIAM J. HOOVER, ACTING DEPUTY DIRECTOR, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE

Mr. HOOVER. Chairman Scott, Ranking Member Smith and other distinguished Members of the Committee, I am William Hoover, the Acting Deputy Director of the Bureau of Alcohol, Tobacco, Firearms and Explosives. On behalf of Acting Director Ken Melson, I am honored to appear before you today to discuss ATF's ongoing role in preventing firearms from being illegally trafficked from the United States into Mexico and in working to reduce the associated violence along the border.

For over 30 years, the ATF has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of firearms and explosives. We are responsible for both regulating the firearms and explosives industries and for enforcing criminal laws relating to those commodities. ATF has the experience, expertise, tools, and commitment to investigate and to disrupt groups and individuals who obtain guns in the United States and illegally traffic them into Mexico.

The combination of ATF's crime-fighting expertise, specific statutory and regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout the Nation. For instance, from fiscal year 2004 through February 17 of this year, Project Gunrunner, which is ATF's strategy for disrupting the flow of firearms to Mexico, has referred over 790 cases for prosecution involving 1,658 defendants. Those cases include 382 for firearms trafficking, which involve 1,035 defendants and an estimate of almost 13,000 firearms.

While the greatest proportion of firearms traffic to Mexico originates out of the States along the southwest border, ATF trace data has established that traffickers are also acquiring firearms from

other States as far east as Florida and as far north and west as Washington State. A case from April 2008 involving a violent shootout that resulted in 13 deaths illustrates this point. ATF traced 60 firearms recovered at a crime scene in Tijuana. As a result, leads have been forwarded to ATF field divisions in Denver, Houston, Los Angeles, Philadelphia, Phoenix, San Francisco, and Seattle to interview the first known purchasers of these firearms. These investigations continue.

Additionally, drug traffickers are known to supplement their firearms cash with explosives. Our expertise with explosives has proven to be another valuable tool to use in the fight against drug cartels. In fact, in the past 6 months, we have noted a troubling increase in the number of grenades seized from or used by drug traffickers. We are concerned about the possibility of explosives-related violence materializing in our U.S. border towns. We have had at least one such incident in San Juan, Texas, when a hand grenade was thrown into a crowd of 20 patrons. ATF was able to identify that grenade and believes it was linked to a Mexican drug cartel. We believe these devices were from the same source as those used during an attack on our U.S. consulate in Monterrey, Mexico.

Along the southwest border, ATF's Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking. Fifty-nine industry operation investigators are responsible for conducting regulatory inspections of federally licensed gun dealers, known as Federal Firearms Licensees, or FFLs. Just last week we sent over 100 additional personnel to the Houston field division to support our push against the trafficking of firearms to Mexico.

As the sole agency that regulates the FFLs, roughly 7,000 of whom are along the southwest border, the ATF has the statutory authority to inspect and examine the records and the inventory of licensees for firearms trafficking trends and patterns and to revoke the licenses of those who are complicit in firearms trafficking.

For instance, ATF used its regulatory authority to review the records of an FFL who received close to 2,000 firearms, who removed their serial numbers, and who then trafficked them to Mexico with the aid of a coconspirator who resided in Mexico. ATF recovered over \$120,000 in cash and 89 firearms, 8 of which had obliterated serial numbers, from the FFL. The ATF conducted a buy-bust operation with the Mexican contact, at which time he was also arrested. A review of records from the wholesalers confirmed that the FFL had received 1,869 firearms.

An essential component of ATF's strategy to curtail firearms trafficking to Mexico is the tracing of firearms seized in both countries. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and possibly learn pertinent information, such as how the gun came to be used in the furtherance of a crime or how it came to be located in Mexico. Furthermore, analysis of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them and how they flow across the border.

Let me share an example of how trace data can identify a firearms trafficker. ATF's analysis of trace data linked a man living in a U.S. city along the border to three crime guns recovered at

three different crime scenes in Mexico. Further investigation uncovered that he was the purchaser of a fourth firearm recovered at yet another crime scene in Mexico, and that he had purchased over 100 AR-15-type receivers and 7 additional firearms within a short time span, using 9 different FFL wholesale distributors as the sources for his firearms. In April 2008, ATF seized 80 firearms from the suspect, and learned that he was manufacturing guns in his home. He sold over 100 guns alone to an individual who was suspected of being linked to a cartel. These investigative leads are also being pursued.

Lastly, I would like to mention ATF's operational presence at the El Paso Intelligence Center, or EPIC, located in El Paso, Texas. EPIC is certainly one of the most valuable tools for intelligence sharing and for the coordination and multiagency efforts to curb violence and firearms trafficking activities along the southwest border.

At EPIC we operate what is known as the ATF gun desk. The mission of the n desk is to identify and analyze all firearms- and explosives-related data acquired and collected from law enforcement and open sources. This would include Mexican military and law enforcement, along with U.S. law enforcement assets operating on both sides of the border.

Chairman Scott and the other distinguished Members of this Committee, on behalf of the men and women of ATF, I thank you and your staffs for your continued support of our crucial work. With the backing of this Committee, ATF can continue to fight violent crime in the Nation's cities and on our borders, making our Nation even more secure.

Thank you.

Mr. SCOTT. Thank you.

We will recognize ourselves for 5 minutes for questions.

I will recognize the presence of the gentleman, our colleague from Virginia, Mr. Goodlatte, who has come in.

I recognize myself for 5 minutes for questions.

Mr. Hoover, you indicated that you used firearm records to trace many of these. Can you indicate the impact of the Tiahrt amendment on sharing trace data and on the requirement that records not be kept more than—what is it—90 days? What impact has that had on your ability to investigate crimes?

Mr. HOOVER. The Tiahrt amendment allows us to share information with the agency that provided the trace data. It does not allow us to share information with anyone other than that agency. If the other agencies would like to request to use that data, then they have to go through the agency that submitted it to ATF for the trace.

Mr. SCOTT. How does that affect the ability to investigate crimes?

Mr. HOOVER. It does not impact our ability to investigate crimes. It would simply cause those agencies, other than the requesting agency, to use that agency's information to investigate that specific firearm trafficking.

Mr. SCOTT. So we should not be concerned about that?

Mr. HOOVER. It has not been an issue at this point with law enforcement, no, sir.

Mr. SCOTT. What about the length of time licensees have to keep the records?

Mr. HOOVER. The licensees keep their records forever, and when they go out of business, they give the information to ATF, to our out-of-business records, and we maintain the record on that sale if that licensee goes out of business.

Mr. SCOTT. What is the provision that some records are only kept for—

Mr. HOOVER. That is part of the NICS Improvement Act, sir, I believe, where NICS records are only allowed to be kept for a certain portion of the time.

Mr. SCOTT. For about 90 days?

Mr. HOOVER. I am not sure. I would have to get that answer for you, sir.

Mr. SCOTT. Does anybody know?

But that is not—

Mr. HOOVER. It is the Brady check, sir, that is kept for 90 days, and then those records are destroyed.

Mr. SCOTT. That would not be helpful to keep those records longer?

Mr. HOOVER. It may be, sir. I would have to check into that and get the information back to you.

Mr. SCOTT. But that is not anything that you are asking?

Mr. HOOVER. No, sir.

Mr. SCOTT. Okay. You said you had 1,035 people who were caught. Did I understand that right?

Mr. HOOVER. One thousand thirty-five defendants with those trafficking investigations, yes, sir.

Mr. SCOTT. What happened to them? What was the disposition of those cases?

Mr. HOOVER. They would have been sentenced for various lengths of time through our judicial proceedings. I do not have the exact sentences for each and every one of those.

Mr. SCOTT. Do you have an idea? Did they get much time; 6 months, 8 years?

Mr. HOOVER. It varies. If it is an (a)(6) violation for lying and buying, it is somewhere between 12 months to 2 years, something in that area.

Mr. SCOTT. Okay. Mr. Nash, you indicated that you had 750 arrests.

Mr. NASH. That was in connection with a single operation. That was Operation Xcellerator, which came down in March of this year.

Mr. SCOTT. What happened to them?

Mr. NASH. The arrests were only made in March of this year. There are prosecutions that are going forward in at least 30 jurisdictions as a result of that operation. It will take some time to get the final dispositions. I can represent that none of those people have been sentenced as of yet.

Mr. SCOTT. Okay. You indicated that 12,000 pounds of meth had been captured.

Mr. NASH. That is accurate with respect to Operation Xcellerator, yes.

Mr. SCOTT. Do you know how much meth gets through?

Mr. NASH. We do not have a firm estimate on that.

Mr. SCOTT. Of over 1 million Ecstasy pills, do you know how many get through?

Mr. NASH. No, sir.

Mr. SCOTT. Do you know whether you are capturing a significant portion of what is being shipped?

Mr. NASH. Sir, I think the best indicators as to our effectiveness are the statistics that were cited by Mr. Placido in his testimony, which indicate that, with respect to cocaine, which are the numbers for which we have the firmest and best statistics, we have right now experienced, for 2 years now, a sustained increase in both the price that you pay on the street for a gram of cocaine and a decline in the purity of that product on the street. As Mr. Placido testified, the price of that gram has almost doubled in the span of the last 2 years—or it has more than doubled in the last 2 years. The purity during that period has declined by 30 percent. We use that as at least one data point to suggest that our efforts are having a considerable effect on the availability of drugs on the streets of the United States.

Mr. SCOTT. Well, that affects the price. Does it affect the availability? I mean, has anybody gone to a drug dealer and been told, “I just cannot get any today. You have got to wait until tomorrow or next week to see if we can get a shipment”?

Mr. NASH. Again, as Mr. Placido mentioned, we do have anecdotal evidence, from listening in through judicialized wire intercepts to dealers, that people have complained about shortages; but again, this is a market, and markets operate as a rationing device. Certainly when we were experiencing shortages of gasoline, it was not that people could not get gasoline; it was that the price at the pump went from \$2 to \$4. A consequence of that is that people were driving less. The market for drugs, I would suggest, works similarly to that, and when the price goes up—

Mr. SCOTT. Let me give the only couple of seconds I have left to Mr. Placido to comment on availability.

Mr. PLACIDO. Certainly, sir.

What I can tell you is that on certain drugs such as cocaine, which is produced from a plant, marijuana or heroin, we have got estimates about total production. It becomes more difficult with synthetic drugs of abuse, like methamphetamine or MDMA.

Just to give you an example that may be responsive to your question, in 2008, the U.S. Interagency estimated a range of production between 901 and 1,082 metric tons of cocaine actually produced. Seizures worldwide were about 528 metric tons or, roughly, anywhere from 49 to 59 percent of the total amount of cocaine produced having been seized. So it is a significant amount. We showed, just by reference in terms of Mexican heroin, approximately 15 percent of the estimated 18 metric tons produced having been seized, and in terms of Mexican marijuana, between seizures and eradications, about 21 percent of seizures. So there is some significant work being done on the enforcement side.

With regard to shifts in price and purity, one of the things that is particularly important when you talk about cocaine in particular is as scarcity occurs, that is where you see the fluctuations in purity. They add adulterants: lactose, sugar, other commodities. So,

not only does the price go up, but as to the purity of the drug that is being sold, we have seen a 35 percent drop as well.

So it is an indicator of decreased availability.

Mr. SCOTT. Thank you.

The gentleman from Texas, Judge Poe.

Mr. POE. Thank you, Mr. Chairman.

Thank all of you for being here. The purpose of this hearing is to determine the problem; that is any of the violence on the border, especially American side. We have heard, and I have heard personally, from people on the border, usually politicians, mayors, chambers of commerce; it is not really a problem on the American side.

I would like for you to look at a chart that is over here.

Can we have the chart please?

I spent a lot of time on the Texas Mexico border talking to folks like the Border Patrol, the DEA, but also the Texas border sheriffs. And I asked them to tell me the percentage of people in their jailhouse that are foreign nationals, that are not there being held by the Feds on immigration violations only, but being held with felonies or misdemeanors where they have been charged in the county.

And you see, starting in El Paso, the statistics vary from, the El Paso jail has 18 percent foreign nationals; Hudspeth County, which is the size of Connecticut, vast area, has 90 percent according to Sheriff Arvin West; Culberson County, 22 percent according to Oscar Correo. The next four counties, they don't keep those records.

Moving on down to Bulverde Count, 93 percent; Kenny County, 71 percent are foreign nationals; Maverick County, 65 percent; Dimmitt County, 45 percent; Webb County, which is Laredo area, 45 percent; Zapata County, 65 percent; Starr, 53 percent; Hidalgo, 23 percent; and then the last county that touches the Gulf of Mexico, Cameron County, with 28 percent.

It seems to me, that is a lot of folks that are from foreign countries that are in American jails charged with crimes in the United States, and most of those, no question about it, are charged with some form of drug crime or carrying a weapon, according to the sheriffs themselves.

Here are my questions. Regarding, first, Mr. Placido, do you think the use of the Air National Guard should be increased or decreased? I rode with the Air National Guard up and down the Rio Grande river, working with the Border Patrol and capturing at least one drug interdiction coming across from the border. Do you think that is something that can work with you or not?

Mr. PLACIDO. Well, I think there are others at the table who are probably better qualified to talk about interdiction than I am. My focus is really investigations. But if the, if the genesis of your question as I understand it is, could we do better with additional support to interdict drugs and other contraband before it enters the country, I think the answer to that is, yes, sir, I think we could.

Mr. POE. Let me refer you to a Los Angeles Times article from last month that said, there is a turf battle going on with the different Federal agencies and that the effort to stop the drug cartels and the smugglers has stumbled in part because Homeland Security and various Justice Department agencies have overlapping responsibilities and are engaged in turf battles. The vast majority of ICE agents cannot make drug arrests, even though the same smug-

glers are often illegal immigrants. The reason, the DEA has not authorized the required cross-designation authority for them.

Is that correct.

Mr. PLACIDO. No, sir. No, sir, and let me begin by telling you that I think there is good news on the horizon. The Attorney General of the United States and the Secretary of Homeland Security have met on this very subject already, and I believe, I don't want to get out in front of my bosses, but I believe that a successful resolution is in the offing.

But let me clarify a couple of facts. First of all, every ICE agent can already make arrests or seize contraband drugs at the border. The issue is not making arrests or seizures; it is conducting investigations after that seizure is made and carrying it forward. There are currently 1,475 or approximately 25 percent of all of the ICE agents that are currently on the job are cross-designated to conduct those investigations anywhere in the country they go.

I think what you have heard most recently is a request that goes beyond that and is a request for concurrent unilateral authority to investigate drug crimes by ICE. And the issue here is not whether we can protect America better but how we coordinate the activity of these different agencies as we move forward, and I have got a very detailed response if you would like me to give it here.

Mr. POE. I am limited on time, but let me cut to the chase; do you think that ICE should have more responsibility in drug investigation? I want your opinion.

Mr. PLACIDO. I think if ICE works within the existing coordination mechanisms that all other Federal agencies use to coordinate drug investigations, we would welcome their assistance.

Mr. POE. All right.

Mr. Hoover, some questions for you at the ATF. I understand that the Mexican military, Mexican Federal police, the drug cartels, those are primary the folks that have guns. Regular citizens, they can't have guns like they do in the United States. And it seems to me Mexico has a responsibility to protect their border from guns coming in just like we have a responsibility from protecting criminals and drugs coming into the United States. A hundred thousand Mexican soldiers apparently have deserted with their weapons, weapons made in Belgium. What is the government of Mexico doing to protect their border against firearms coming in to their country? And I am out of time, so this is the last question.

Mr. HOOVER. All right, sir. I know that the Mexican government under Attorney General Medina-Mora has made great strides, especially in working with the ATF to trace the firearms that they recover. The vast majority of those traced are being used in Federal prosecutions and in Mexico, and they trace those weapons.

I will tell you that we don't know the entire universe of firearms that are recovered in Mexico. We continue to work with Mexican authorities to do that, to get that information, so that we can give better data back to them regarding the where these firearms are coming from.

I will say that the 90 percent figure came from those weapons that have been recovered and traced by the officials in Mexico. The vast majority of that has come through CENAPI, which is the intelligence branch under PGR, and that is where we get the vast ma-

majority of our information regarding the weapons recovered in Mexico.

Mr. POE. Thank you, Mr. Chairman.

Mr. SCOTT. Gentleman from Virginia, Mr. Goodlatte.

Mr. GOODLATTE. Mr. Chairman, thank you very much for holding this hearing.

And I want to thank all of our witnesses for their participation.

Mr. Nash, I wonder if you could comment on your thoughts on how we keep this violence from crossing our borders and how we prevent U.S. Law enforcement and citizens from becoming targets.

Mr. NASH. Yes, sir. I do think that the appropriate paradigm to view this through is the fact that these are not isolated incidents, that these are criminal organizations, a relatively limited number of criminal organizations, and they are reacting to the stress that is being placed upon them by the very heroic efforts of our Mexican partners south of the border.

We talk about the war on drugs, and to us, it is a metaphor. In Mexico, it is a reality, and they are experiencing casualties in connection with that war amongst their law enforcement, their very heroic law enforcement officers, every day.

Mr. GOODLATTE. Do we prevent it coming into our side of the border by helping them with their effort?

Mr. NASH. I think that is part of it, and I think that it has been spoken about by some of the other witnesses already today, that we have a historic opportunity to work with the Mexicans and help with the Mexicans because of the orientation of the current administration down there that has gotten serious about taking care of this problem.

Mr. GOODLATTE. Is most of the violence one drug cartel fighting one another or drug cartels fighting against law enforcement?

Mr. NASH. I think the majority is cartel on cartel or also within cartels. Drug debts that go unsatisfied within a cartel will often be a reason for violence as well.

I think, right now, the numbers are running at about 10 percent of the homicides south of the border are homicides in which a victim is a law enforcement representative of Mexico.

But I think there are things we can do on our side of the border. I think, as I said, our strategy is to put together task forces that bring the statutory authorities and the diverse expertise of all of the law enforcement agencies that you see represented here before you today in a concerted action to use our intelligence resources to identify where the real threats are, identify the leadership of those cartels, and then bring down the organizations in a concerted fashion like the operation.

Mr. GOODLATTE. Thank you.

I have a couple of other questions. I do appreciate that answer.

Mr. Nieto, the increase in CBP personnel between 2001 and 2008 should show a reduction of border violence, but instead, there is an increase. I wonder if you would explain that or comment on that.

Mr. NIETO. Well, sir, we expect that initially we will have an increase because we will have more officers and agents out there. Until we get to the point where we pretty much overtake that territory again, if you want to call it that, then that trend starts coming back down. So that is what we attribute it to.

Mr. GOODLATTE. And Ms. Ayala, from what ICE enforcement activities are agents being—where agents will be redeployed to the southwest border in order to combat the rising border violence? Where are they coming from?

Ms. AYALA. Yes. We deployed 95 additional agents to the southwest border area to backfill agents, and we increased our attaché personnel by 50 percent. We have increased our border liaison officers who are assigned to border offices and increased our intelligence commitment to the border by tripling it.

Mr. GOODLATTE. Where are those new agents coming from? Are they new agents, or are they being reassigned from other areas?

Ms. AYALA. Most of them are temporarily reassigned from other areas throughout the Nation, and therefore, a certain period of time. We are waiting to see what resource commitments permanently we will be making here in the future.

Mr. GOODLATTE. Obviously, we are concerned about what is going on on the border, but I happen to share the belief of many, including many of my constituents, that not enough is done by ICE to deal with immigration violations in the interior of the country and communities like the Shenandoah valley and the Roanoke Valley and central Virginia, that I represent, where there is a great deal of activity.

I am not sure we share the same percentages of people in the jails that Congressman Poe showed along the Texas-Mexico border, but I do believe you would find a very disproportionate percentage of the occupants of both State and Federal facilities in my area and the number of cases going through our U.S. District Court as well as our State court would show a disproportionate number of people who are not lawfully in the United States. So I want to express my concern that, while we divert people to address this problem, we are neglecting another problem, and I wonder if you would comment on what is being done to enhance your enforcement of the immigration laws in the interior of the country.

Ms. AYALA. Well, typically—this isn't the first time that we have redeployed assets to the southwest border to address issues like this. We did send, in 2005, in the same manner to address the increased violence in the Laredo area, and we were successful, along with our Mexican partners, in reducing the murder rate and border violence on both sides of the border. And we typically assess our needs during the year to decide if we need to plus up in certain areas based on upcoming large-scale law enforcement operations, and so forth.

As far as our commitment to smuggling issues or immigration, as far as our commitment to the southwest border, most focus on human smuggling and trafficking aspects and organizations, transnational organizations, that are violent there, specifically in the Phoenix area, and when we are looking to pull resources from anywhere within the United States, we make sure that we pull resources from offices that are large enough to sustain the loss. It is not like we are pulling one agent from a two-man office. And if we see a need to redeploy during that time period, then we do, again, reassess our needs and redeploy to those areas.

Mr. GOODLATTE. Thank you.
Thank you, Mr. Chairman.

Mr. SCOTT. Thank you.

I would like to inform the gentleman from Florida that I should have recognized you first. You had gotten here before my colleague from Virginia, so I apologize. I recognize you at this time.

Mr. ROONEY. Thank you, Mr. Chairman.

I am just glad the gentleman from Virginia didn't ask my question.

I believe this is for Mr. Nieto, but anybody on the panel, it is a basically straightforward question with regard to something you have all heard of, the Security Fence Act, and you know that is 800 miles of—required 800 miles of fencing across the border. And I am wondering just basically, obviously the fence is not complete. In your opinion, would the completion of the border fence as required by the act have an effect on the decrease in flow of drugs, and therefore possibly the decrease in violence as a result of that, if the fence was actually completed.

Mr. NIETO. Absolutely, sir, but the answer is not the fence by itself. It has to be that combination of fencing or what we consider tactical infrastructure, technology, and the right amount of personnel. If we were to fence the whole border and no one was out there to watch it and we wouldn't know what was happening on it, it would prove useless.

So with that amount of fence, which is what the field commander said that was the right amount, with that combination of, we call it the three-legged stool, with the technology and resources or personnel, yes, it would prove effective in affecting all types of traffic out there because we look at it in all threats, all hazards, as an address to it.

Mr. ROONEY. Thank you, Mr. Chairman.

Mr. SCOTT. Thank you.

Mr. Gohmert.

Mr. GOHMERT. Thank you, Mr. Chairman.

And I do appreciate the testimony.

I had longstanding commitments, but I was monitoring from C-SPAN. That is a good thing, too. It helps.

But as some are proposing more laws regarding U.S. Weapons to try to help Mexico, but as I understand it, most of the weapons that are purchased by Mexico, people in Mexico that come from the United States are already being purchased illegally. So, rather than add new laws, and this is open for anyone, what do you see that could be done to better enforce existing laws to stop illegal purchases, even without any new additional laws?

Mr. Nieto?

Mr. NIETO. Sir, not to answer the law question, but one of the things we have to do, especially with the Merida initiative, where we are providing money to Mexico and training, is to allow them or help them build the capacity in Mexico to inspect vehicles and people and cargo going into their country. I think that would, it is almost like teaching them how to fish instead of giving them the fish to eat. That, at their northern border, with the United States, at the same time a thorough assessment and the same type of training and capacity building on the southern border with Guatemala, I think that would really have a greater effect than any laws, any changing of any laws in the U.S., in Mexico, or elsewhere.

Mr. GOHMERT. Thank you.

Does anybody else have comment on that?

Ms. AYALA. I just want to say that, as far as our approach to the entire arms-smuggling effort, we look at it not just in a vacuum but all of its associated and ongoing crimes. So in stepping up our efforts related to narcotics smuggling, weapons smuggling, bulk-cash smuggling, and human smuggling trafficking, more and more we are seeing that many of these activities are directly related to weapons coming back and related to money also going back.

So by taking a comprehensive approach and utilizing existing task forces, such as The Border Enforcement Security Task Force, which is international, it is multi agency, and it is a task force that really brings to bear all of the Federal agencies that are here and State and locals, we are able to share more information and really target to disrupt and dismantle these organizations.

Mr. GOHMERT. Okay.

I have a particular issue that has come up with a constituent who was down fishing in southern Mexico just a few miles from Belize, and he disappeared. I don't know if you heard about Mr. Scheepstra's situation, but I met with his wife Sunday for a couple of hours. And she had been down there, and apparently, there is drug activity, from my trips, from visiting with people in Colombia previously about our drug work there with the British, with the Colombians, and Uribe is doing a fantastic job apparently. But it looks about two-thirds of the boats that bring cocaine, for example, up apparently come into Mexico and then go up through Mexico.

Anyway, Mr. Scheepstra was fly fishing, card there, wallet, passport, everything at the motel in the safe. He has disappeared. Mexico says all they can do is list him as missing. Some people went out and looked. They had some Mexican soldiers look, but you have an issue of corruption there. And that type of situation, we know there are other kidnappings, what can be done to work with the Mexican government to try to find someone like that? What allows us to go in and help?

And number two, since we know there is corruption and that is one of the most difficult issues Calderon is facing, how do you know who to trust with information we have?

Mr. PLACIDO. Well, first of all, I am very sorry to hear about Mr. Scheepstra and his problem down there, and perhaps we can get together after and do something to help you with this problem.

What I can tell you is that, while corruption is a problem in Mexico as it is in the United States or elsewhere, we have a number of what we believe to be honest, courageous counterparts in Mexico that we work with. There are a number of vetted units that have been trained and polygraphed and given the same kind of background investigation we would give to a DEA agent, for example, and the Minister of Public Security, Genaro Garca Luna, and the Attorney General, Eduardo Medina Mora, are both men of high quality, and I am sure that something can be done to try and further investigate it.

We need to know some more details, whether ransom was asked for.

Mr. GOHMERT. No, no ransom, but it also touches on what Mr. Nieto was pointing out as far as training. They decided, because he

was American, they would do a full forensic examination of his car. He never got back to it. They don't know if he was in there. And so the police got in the car and drove it 45 miles so they could check for fingerprints, you know, for DNA testing, whatever. But anyway, they could, apparently, either watch CSI, or maybe we could help them to know, you don't drive a car 45 miles with people in it before you do your testing. So did you have a comment?

Mr. NIETO. Sir, in relation to the corruption issues and the vetting, they are working. CISEN is working with our internal affairs to allow them to build that capacity as well where they can vet their officers, their operatives in Mexico to make sure that they keep them clean.

Mr. GOHMERT. Any other comments on that?

Well, let me just add and thank you, Mr. Chairman, again.

But it seems to me that Mexico could be one of the top 5 or 10 economic power houses in the world. When you look at the resources they have, and we know they have got some of the best workers in the world in that country. And it just seems that corruption is the thing that keeps them from being one of the greatest nations in the world. So I appreciate any efforts that can help bring that neighbor alongside of us effectively. Thank you.

Mr. SCOTT. Thank you gentelady from Texas.

Ms. JACKSON LEE. Let me thank the Chairman and the Ranking Member for holding a vital hearing in the face of the calamity just a few hundreds of miles away from the fourth largest city in the Nation.

In speaking to my colleagues who live near or in another border State, Arizona, it is amazing to hear of the litany of kidnappings and missing persons. We have just heard my colleague speak of an American citizen missing. Over the years, before this intensity of drug and gun smuggling and dastardly deeds have occurred, a former colleague of mine, the now Secretary of Labor, Hilda Solis, was a huge force in the murder of women along the border, particularly on the Mexican side. And many, I just say, just frankly, almost all have been, if you will, not resolved.

This calamity is not in any way a reflection on the friendship that we have with the people of Mexico. In fact, it should be stated on the record that the numbers of law enforcement and leadership in Mexico, sheriffs and others who have lost their lives, is to be recognized and to acknowledge the deep sympathy that we have for the families of those who have lost their lives actually in this battle, in this war.

So I lay that ground work and would like to just offer into the record some data that I have that may have already been noted. In 2008, the violence between Mexican drug gangs fighting for trafficking routes to the United States killed approximately 6,000 people in Mexico, including one more than 500 police officers and soldiers. In the first 8 weeks of 2009, more than 1,000 people were killed as a result of the drug war.

I am certainly grateful to the Administration for the appointment of the drug czar or the border czar and the dispatch of the numbers of individuals that have gone to the border.

But I want to be honest, and I am I guess filled up to my cup or my cup runneth over with the conflict between the second

amendment, of which I have great respect for, because I do believe the people should have the right to protect themselves as the underlying premise of that legislation, and my good friends who believe that there should be nothing in this world regulated having to do with guns.

I don't know, frankly, how many officers will have to be killed, how many Mexican law enforcement will have to be killed, and how many movies will have to be made showing that the guns come from the United States. Much of it comes from Houston. I am aware, as a Member of this Committee and also a Member of the Committee that lives in Houston of the surge of officers coming in to assist us. Let me first of all indicate to both, I believe, Mr. Placido and Mr. Hoover that I would like to meet with your leadership in Houston, and if you would make note of that and be in touch with my office, I would like to do that as quickly as possible.

But I would like to refer you to H.R. 1900, because until we wake up about the gun smuggling, we know that two of our colleagues have offered legislation in the last 24 hours to close the gun show loophole. But I want to specifically focus on the intertwining of guns and drugs and how that is a problem coming from this direction and refer you to my legislation, H.R. 1900, which is I think a simple premise. It allows Governors to declare emergencies and seek, from both the Department of Homeland Security and the DOJ, an emergency increase in Border Patrol agents, an emergency increase in DEA agents, an emergency increase in ATF agents.

My colleague, Mr. Poe, has joined me on this.

It also goes to the increase in equipment. I am not sure if the czar is working on the increase in helicopters, power boats, other Border Patrol assets, motor vehicles, which can be used by overlapping jurisdictions, and handheld computers and radio communications, GPSs, et cetera, night vision equipment, because believe it or not, even today I don't think we have enough, and certainly if our ATF officers and DEA officers are on the border, they need some equipment as well.

This legislation also funds a task force of ATF, DEA, and Border Patrol, whose members would be appointed by the Administration, and you would meet every 2 months, and you would have a report, so that we could show that we meant business, and you would collaborate with the local law enforcement.

If the Chairman would indulge me, I would like to be able to have my questions answered by Mr. Placido and Mr. Hoover to speak to the interlink of guns of all kinds, AK-47s, that are loosely smuggled through Houston, how much of a role do they play in where are today? And I realize that there has been some good news in your testimony. I apologize, I had several meetings that were detaining me from that, but I am aware of your testimony. But I want to know where we are in terms of that basic cause of what the crisis at the border is at this time.

Mr. Placido.

Mr. PLACIDO. Thank you, ma'am.

First of all, Ms. Jackson Lee, we would be delighted to meet with you and your staff regarding this legislation and regarding the broader problem, be glad to that arrange that after this meeting.

The thrust of my oral statement as I began this hearing was to dispel what we believe is an unfortunate mischaracterization of the problem. Unfortunately, the violence that we are seeing, the problems emanating from Mexico, really don't, cannot be geographically bounded and described as a border problem. Unfortunately, the criminal organizations that should be our focus have impact well beyond our borders, in cities like Atlanta and Lawrence, Massachusetts, and really throughout the country.

Ms. JACKSON LEE. Making it a much larger problem.

Mr. PLACIDO. It is a much larger problem, and while I certainly appreciate the fact that border Governors and people who are on the front lines of the border with Mexico need resources, I will speak only for the Drug Enforcement Administration, the immediate deployment of 500 DEA special agents would detract from other things that we are doing, and I don't believe that that geographic kind of deployment would be the best way for us to negatively impact those organizations. We believe that a focused attack on the criminal organizations themselves rather than one that is geographically based is likely to have the best impact, and I would be glad to take that up with you in more detail at a different time, ma'am.

Ms. JACKSON LEE. Well, obviously, many of us disagree with that, and certainly it is not an automatic. It is a declaration that would be made, and I did ask you to comment on the interaction with the drugs and guns, and you did not comment on that.

Mr. PLACIDO. Certainly, drugs and guns go together. Guns are tools of the trade. It is historic, for the 30 years that I have been operating in this business, drug traffickers' use of weapons both to intimidate and to cause violence has been a problem. It certainly seems to be exacerbated and at a new fevered pitch, if you will, in our relationship with Mexico.

We characterize that violence in three broad categories analytically: Inter-cartel violence, with members in the same cartel doing battle with one another; intercartel violence with rival cartels doing war. Those have been around for a long time. What is new and disturbing and I believe what is causing much of the angst is the extent to which the cartels are now lashing out against the government itself, attacking the government of Mexico and attacking innocent civilians.

And one of the things that we are very careful of, we have got an interagency group looking at this, is, to what extent will that kind of violence be directed against U.S. Government personnel or interests or innocent civilians on U.S. Soil spill over our borders?

Ms. JACKSON LEE. When they engage in violence, they have guns, right?

Mr. PLACIDO. Yes, they do.

Ms. JACKSON LEE. Okay. So your basic sentence on the question of the impact of guns that kill.

Mr. PLACIDO. Absolutely, ma'am.

Ms. JACKSON LEE. All right and many of these guns are smuggled guns illegally secured from the United States.

Mr. PLACIDO. That is my understanding, but I will defer to my colleagues from ATF and ICE to describe that. They have got the portfolio better under control I believe.

Ms. JACKSON LEE. Mr. Hoover.

Mr. HOOVER. Yes, ma'am the reason we plussed up our resources in the Houston Field Division, which covers Houston and south Texas, was because of the trace information that we had regarding the number of firearms recovered in Mexico and traced and then those that were purchased in the Houston area and in south Texas. They lead any other part of the country by two or three times the amount of firearms being purchased.

You know, the—

Ms. JACKSON LEE. Two or three times.

Mr. HOOVER. Yes, ma'am.

What is happening in Mexico is the, you know, with the violence, as has been stated by others, is a couple of things. They are either using the firearms to protect their shipments. They are using their firearms to protect their routes where they are moving the drugs from Mexico into the U.S.

Drug cartels are coming in and trading drugs for firearms, or we have individuals in the United States capitalizing on the need for firearms by the Mexican cartels by purchasing those firearms illegally and then taking them to Mexico and selling them. So those are the ways that we see the firearms involved in the narcotics trafficking trade.

Ms. JACKSON LEE. These are illegal firearms, or are they purchasing them legally or illegally?

Mr. HOOVER. In some cases, they are purchased legally and then moved into the illegal market. In some cases, they are illegal from the jump because individuals are purchasing them illegally, knowingly purchasing them for the drug cartels or for someone else who they know will then traffic those guns to Mexico.

Ms. JACKSON LEE. And are you meeting and collaborating with local law enforcement, like the sheriff's department and Houston Police Department and others?

Mr. HOOVER. Yes, ma'am, our folks in Houston, Texas, are collaborating with individuals from all over Houston and south Texas. We collaborate with all the folks you see sitting at this table. We have an OCDETF strike force in Texas. We have one group assigned to that strike force to ensure we get on top of this problem.

Ms. JACKSON LEE. I thank you, Mr. Chairman.

I will look forward to heating with Mr. Hoover and Placido, but specifically in Houston, I want to meet with the team in Houston. Thank you.

Mr. SCOTT. Thank you. Gentlelady's time has expired.

Gentleman from Texas had an additional question.

Mr. GOHMERT. Thank you, Mr. Chairman.

Just one. I alluded to the Chicago Tribune article about the Sinaloa cartel and apparently Guzman or, supposedly, according to the story that they are now authorizing or encouraging the use of violence to protect drug loads within the United States. I mentioned that, but I am curious, does anybody know, is this true what is being reported that now we can expect more violence from inside of our borders? Does anybody know?

Mr. PLACIDO. I can personally address the answer for you, Mr. Gohmert.

The fact is that we have hard empirical evidence indicating that the traffickers consistently have said they do not want to engage in violence on the United States—on U.S. Soil. There are repeated instances of that that we could provide, in a different setting, to document that for you.

The problem is, we never know what we don't know, and I am not going to sit here and tell you or anybody else that there hasn't been a decision made or that there won't be a decision made to attack U.S. Law enforcement. What we can say is, after extensive analytic research by 14 agencies of the U.S. Government, we have not yet seen an effort to systematically attack U.S. Government employees or interests or innocent civilians on U.S. Soil at a rate that is above what we had normally seen prior to this outbreak of violence in Mexico.

Mr. GOHMERT. Well, and that is why this story said that that such a move by Guzman, Mexico's most wanted fugitive, would mark a turn from the cartel's previous position of largely avoiding violent confrontation. So the empirical data may be that they have up to this, but the story today is that Guzman is now saying, and they report, that police and Federal agents—I just didn't know if it was some of yours or you—said they had recently received at least two law enforcement alerts focused on Guzman's reported orders that his smugglers should, quote, use their weapons to defend their loads at all costs, unquote. And so that would have been recent, reported today, brand new, and this would be a turn from all the empirical data we have had up to this point. I just didn't know.

Mr. PLACIDO. I do not have information on that at this point.

Mr. GOHMERT. Anybody else?

Mr. NASH. I would back Mr. Placido's comments and just suggest that our collective experience until now is that there has been a very firm conviction on the part of the cartel leaders that engaging in violence of the nature that is mentioned in that article would be bad for business for the cartels, and for that reason alone, they have decided that that is not a road that they want to go down.

I agree completely with your characterization that if, in fact, this statement is something the cartels decide that they are going to go forward with, it would be a turn from past practice and something that we certainly—

Mr. GOHMERT. Hasn't the price of cocaine gone up? For less cocaine—

Mr. NASH. It has, and I think the sentiment that might have motivated Mr. Guzman's comments certainly is an accurate one and one that—

Mr. GOHMERT. It would mean you all are doing a good job, being effective, and so if this were true, it would actually be a, wow, you are doing a good job. You are hurting them. So anyway, thank you for all your work. I know it is a profession that requires great dedication, so we appreciate yours.

Mr. SCOTT. Thank you.

This has been an oversight hearing, and one of the things we usually expect at an oversight hearing is witnesses to tell us what we should be doing more, more resources, change laws or what not, and it gives witnesses an opportunity to recommend legislative changes. Best I can ascertain, no one availed themselves of that op-

portunity. You didn't say we needed new gun laws. You didn't say you needed a whole lot more money. If I got you wrong, does anybody want to take one more shot?

Mr. NASH. One that I will raise, Mr. Scott, which is, we have talked a good bit about drugs. We have talked a good bit about guns. The third leg to that stool that we haven't talked quite a bit as much on is we do feel very strongly that cutting off the money flow to these organizations is an essential part of our strategy. There were two Supreme Court decisions at the end of the term last summer that significantly affected our ability to bring successful prosecutions against those involved in bulk-cash smuggling in connection with the drug trade.

One of the those decisions was the Santos decision. I understand that, within the last 30 minutes prior to the convocation of this hearing, the Santos fix was passed in connection with your efforts, Mr. Scott, and those of yours, Mr. Gohmert, and this Committee, and we appreciate that.

The second decision is the Cuellar decision, and there is proposed legislation that would return the interpretation of that statute to the interpretation that was generally accepted prior to the decision of the court in Cuellar, and so we would ask that you take a look at what we have termed the Cuellar fix. We have proposed legislation, and we would ask that you take a look at that, which would increase our ability to bring successful money-laundering charges against those who engage in bulk-cash smuggling across the southwest border.

Mr. SCOTT. I think the second case you mentioned had a problem because it didn't require an intent as part of, as an element of the crime, which is obviously problematic.

The Santos case, I think we fixed that while you were waiting for us to come back. It was one of the bills on the floor.

Ms. JACKSON LEE. Mr. Chairman, you had an inquiry, I would just wish to comment. These are very, very fine public servants, and I do appreciate their leadership.

I think, short of doing no harm on the United States Congress, we have an obligation, Mr. Chairman, to fix things where necessary. We certainly don't want to make things worse.

Not putting words in Mr. Hoover's mouth, he has indicated that, out of our community, two or three times—two or three times the sale of weapons; we are in essence the epicenter of these weapons going into Mexico. Frankly, I believe that if they have not offered legislative suggestions, and I am willing certainly to modify my legislation, but one, I think it needs to be targeted. Two, I think there needs to be immediate response in terms of gun legislation that addresses the question of smuggling and the loopholes. And there is some legislation being put forward. And I can't I can't imagine—there are many witnesses who came here in years past and said, we don't need anymore Border Patrol agents, and it was incorrect.

So I appreciate the fiscal responsibility and the discretion of the witnesses, but frankly, I believe it is the responsibility of the Congress to address glaring issues, and I do think more DEA agents, whether they are shared with Atlanta or elsewhere, are needed. I think more ATF officers are needed. And one of the issue is being able to make the case, being able to have the necessary

U.S. Attorneys and assistant U.S. Attorneys in these high-target areas that can make the case.

So I thank the Chairman for yielding, and I would like to pursue the legislation that I have written with corrections or modifications, and I think that we have an obligation because of what is going on, on the border and in Atlanta and Chicago and New York, on these drugs and guns to really act and give more tools to these very fine public servants.

I yield back to the Chairman.

Mr. SCOTT. I thank the gentlelady for her comments.

If the witnesses have any other comments, the hearing record will remain open for 1 week for submission of additional materials.

Members may have written questions which we will forward to you and ask you to respond as quickly as possible so that the answers can be made a part of the record.

Mr. Nieto.

Mr. NIETO. Sir, if I can make one last comment.

We spoke of border violence along our borders there, and I just want to make sure that I mention this. El Paso, Texas, which is just north of Ciudad Juarez, which has been the epicenter of the violence here the last few months, is the third safest large city in the United States. San Diego is the fourth, two cities right along the U.S.-Mexico border, and I think a big part of that is the organizations that my colleagues here at the table belong to and, obviously, the State and locals in those areas and their efforts.

I just wanted to thank them for the record.

Mr. SCOTT. Well, thank you. And if you have other recommendations that we can do to help you do your job, we appreciate hearing them.

And without objection, the Committee now stands adjourned.

[Whereupon, at 5:35 p.m., the Subcommittee was adjourned.]

A P P E N D I X

MATERIAL SUBMITTED FOR THE HEARING RECORD

5/5/2009

Los Angeles Times: Medellin cleans up...

Los Angeles Times



<http://www.latimes.com/news/nationworld/world/la-fi-medellin-com-shack26-2009mar26.0.2796515.story>
 From the Los Angeles Times

Medellin cleans up its act

The Colombian city's homicide rate is down 80%, fighters are being re-integrated into society and the sewer system -- which left the river district an open cesspool -- is being revamped.
 By Chris Kraul

March 26, 2009

Reporting from Medellin, Colombia — Once the shadowy and violent domain of drug kingpin Pablo Escobar, Medellin has undergone a renaissance over the last decade due to enlightened civic policy and public works, offering government officials proof that urban decline can be reversed.

Once one of the world's deadliest cities, Medellin's homicide rate has dropped by more than 90% since the mid-1990s. Former rebels and paramilitary fighters are being re-integrated into Colombia's second-largest city in an innovative program adopted by the nation's demobilization director.

The urban transit system has been upgraded to include a spectacular tramway that has cut commutes and become the city's icon.

And then there's the new sewage system, which has cleaned up the formerly malodorous Medellin River and 74 creeks and greatly improved the city's image -- and smell. The project has become a regional model for cleanup projects in densely populated areas.

The system, which includes educating residents and businesses near the river on how to prevent pollution, has converted the river district from an open cesspool to a zone where corporations such as Banco Colombia and Carrefour have built major facilities.

The sewage system project is receiving \$580 million in loans from the Inter-American Development Bank, the Washington-based multinational development lender that is holding its annual meeting here this weekend in part to showcase what leaders believe is a success story.

In an e-mailed statement to The Times, IDB President Luis Alberto Moreno said the project shows that "investing in sanitation can have huge payoffs that go far beyond public health."

Despite the global financial crisis, the annual meeting is expected to draw 6,500 delegates from around the world, 40% more than last year's meeting in Miami. Main attractions include a series of presentations by China, which joined the IDB last year as part of its strengthened ties with Latin America.

China is expected to unveil two multimillion-dollar development funds to provide loans for infrastructure and "increase the flow of credit amid the global financial crisis," according to a preliminary draft of the announcement. China already has invested \$4 billion in such a fund in Venezuela.

Another lure for many of the delegates is the host city's makeover, one so dramatic that its principal architect, former Mayor Sergio Fajardo, is a contender in the 2010 presidential race. Offering education and training in violent neighborhoods was crucial to his goal of offering youths an alternative to drugs and violence, he said Wednesday.

"Whenever we reduced violence in an area, we immediately came up with projects -- libraries, cultural, health and entrepreneurship centers -- in the poorest areas so the community could see the society was providing opportunities," Fajardo said in an interview.

The bank, which observes its 50th anniversary this year, operates with capital from 48 member countries, including the United States. Its mission includes offering low-cost loans to finance public works and infrastructure to spur economic development and reduce poverty. Last year, the bank authorized \$11 billion in new loans.

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Los Angeles Times: Medellin cleans up...

billion in new loans.

Some nongovernmental organizations critical of the IDB say the bank has failed to live up to its mission and should be denied the capital repatriation in the billions of dollars that the IDB is expected to request this year from the United States and other members.

Vince McElhinny of the Bank Information Center, a Washington-based watchdog group that monitors multinational lenders, says that the IDB has financed roads and dams in Latin America that have harmed the environment, and that it has backed privatization of water systems that have reduced access for poor families in some countries.

"The bank lost \$1.9 billion last year investing in securities it shouldn't have," McElhinny said. "On a pure accountability level you have to ask, what happened?"

The bank has responded to such criticism by noting that Standard & Poor's continues to rate IDB debt as highly secure.

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5/5/2009

Mexican drug violence spills over into ...

Tucson Citizen

Border & immigration

Mexican drug violence spills over into the U.S.

ALICIA A. CALDWELL

Published: 02.09.2009

Just as government officials had feared, the drug violence raging in Mexico is spilling over into the United States.

U.S. authorities are reporting a spike in killings, kidnappings and home invasions connected to Mexico's murderous cartels. And to some policymakers' surprise, much of the violence is happening not in towns along the border, where it was assumed the bloodshed would spread, but a considerable distance away, in places such as Phoenix and Atlanta.

Investigators fear the violence could erupt elsewhere around the country because the Mexican cartels are believed to have set up drug-dealing operations all over the U.S., in such far-flung places as Anchorage, Alaska; Boston; and Sioux Falls, S.D.

"The violence follows the drugs," said David Cuthbertson, agent in charge of the FBI's office in the border city of El Paso, Texas.

The violence takes many forms: Drug customers who owe money are kidnapped until they pay up. Cartel employees who don't deliver the goods or turn over the profits are disciplined through beatings, kidnappings or worse. And drug smugglers kidnap illegal immigrants in clashes with human smugglers over the use of secret routes from Mexico.

So far, the violence is nowhere near as grisly as the mayhem in Mexico, which has witnessed beheadings, assassinations of police officers and soldiers, and mass killings in

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Mexican drug violence spills over into ...

which the bodies were arranged to send a message. But law enforcement officials worry the violence on this side could escalate.

"They are capable of doing about anything," said Rusty Payne, a Drug Enforcement Administration spokesman in Washington. "When you are willing to chop heads off, put them in an ice chest and drop them off at a police precinct, or roll a head into a disco, put beheadings on YouTube as a warning," very little is off limits.

In an apartment near Birmingham, Ala., police found five men with their throats slit in August. They had apparently been tortured with electric shocks before being killed in a murder-for-hire orchestrated by a Mexican drug organization over a drug debt of about \$400,000.

In Phoenix, 150 miles north of the Mexican border, police have reported a sharp increase in kidnappings and home invasions, with about 350 each year for the last two years, and say the majority were committed at the behest of the Mexican drug gangs.

In June, heavily armed men stormed a Phoenix house and fired randomly, killing one person. Police believe it was the work of Mexican drug organizations.

Authorities in Atlanta are also seeing an increase in drug-related kidnappings tied to Mexican cartels. Estimates of how many such crimes are being committed are hard to come by because many victims are connected to the cartels and unwilling to go to the police, said Rodney G. Benson, DEA agent in charge in Atlanta.

Agents said they have rarely seen such brutality in the U.S. since the "Miami Vice" years of the 1980s, when Colombian cartels had the corner on the cocaine market in Florida.

Last summer, Atlanta-area police found a Dominican man who had been beaten, bound, gagged and chained to a wall in a quiet, middle-class neighborhood in Lilburn, Ga. The 31-year-old Rhode Island resident owed \$300,000 to Mexico's Gulf Cartel, Benson said. The Gulf Cartel, based in Matamoros just south of the Texas border, is one of the most ruthless of the Mexican organizations that deal drugs such as cocaine, marijuana, methamphetamine and heroin.

"He was shackled to a wall and one suspect had an AK-47. The guy was in bad shape," Benson said. "I have no doubt in my mind if that ransom wasn't paid, he was going to be killed."

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U.S. cracks down on border drug viole...



U.S. cracks down on border drug violence

Hundreds more agents, equipment enlisted to fight Mexican cartels

The Associated Press

updated 8:29 p.m. ET, Tues., March 24, 2009

WASHINGTON - Hundreds of federal agents, along with high-tech surveillance gear and drug-sniffing dogs, are headed to the Southwest to help Mexico fight drug cartels and keep violence from spilling across the U.S.-Mexico border, Obama administration officials said Tuesday.

The border security initiative, which expands on efforts begun during the Bush administration, is aimed at drug traffickers who have wreaked havoc in Mexico in recent years and are blamed for a spate of kidnappings and home invasions in some U.S. cities.

The plan was announced as Secretary of State Hillary Rodham Clinton prepares to travel Wednesday to Mexico for the start of several weeks of high-level meetings between the two countries on the drug violence issue. Homeland Security Secretary Janet Napolitano and Attorney General Eric Holder are expected to meet with Mexican officials in early April.

The Obama administration's multi-agency plan includes nearly 500 agents and support personnel. However, officials did not say where the additional agents would come from or how long they would stay at the border.

Napolitano said officials were still considering whether to deploy the National Guard to the Arizona and Texas borders with Mexico, which the governors had requested.

Concern from GOP

Deputy Attorney General David Ogden said the combined efforts of the U.S. and Mexican governments would "destroy these criminal organizations."

Rep. Lamar Smith, the senior Republican on the House Judiciary Committee, said he was happy to see the administration getting more aggressive with the cartels, but he worried about what would see less attention in the U.S.

"I am concerned that when you're taking almost 500 law enforcement agents from one place to another, wherever place they're leaving is going to be understaffed and will mean that some laws are not being enforced," said Smith, R-Texas.

Authorities said they will increase the number of immigrations and customs agents, drug agents and antigun trafficking agents operating along the border. The government also will allow federal funds to be used to pay for local law enforcement involved in southwestern border operations, and send more U.S. officials to work inside Mexico.

A fight in U.S., not just Mexico

Prosecutors say they will make a greater effort to go after those smuggling guns and drug profits from the U.S. into Mexico.

Napolitano acknowledged that the fight against the drug cartels is not just in Mexico but in the U.S. where the drugs are sold.

"This is a supply issue, and it's a demand issue," she said. To address the demand, she cited funding set aside for drug courts in the recent stimulus package. She said these drug courts "have been very effective in reducing recidivism among drug offenders."

The administration is also highlighting \$700 million that Congress has already approved to support Mexico's efforts to fight the cartels.

Officials said President Barack Obama is particularly concerned about killings in Ciudad Juarez and Tijuana, and that he wants to prevent such violence from spilling over into the United States.

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Among the moves the government is making:

- Sending about 350 additional personnel from the Homeland Security Department for a host of border-related work, including doubling the border enforcement security teams that combine local, state and federal officers.
- Adding 16 new Drug Enforcement Administration positions in the southwestern region. DEA currently has more than 1,000 agents working in the region.
- Sending 100 more people from the Bureau of Alcohol, Tobacco, Firearms and Explosives to the border in the next 45 days.
- Boosting the FBI's intelligence and analysis work on Mexican drug cartel crime.
- Increasing the inspection of rail cargo heading from the U.S. into Mexico and putting X-ray units in place to try to detect weapons being smuggled into Mexico.

Napolitano said her department has already seen success with stepped up efforts.

"For example, the communities — the border towns themselves — some of them are actually reporting a decrease in violent crime," she said.

In Texas, border counties and cities have largely escaped the spillover of violence that has affected cities such as Phoenix and Atlanta.

In El Paso, for instance, police responded to fewer than 20 homicides in 2008, while their counterparts across the Rio Grande in Ciudad Juarez have handled more than 2,000 killings since January 2008. The situation is similar in Laredo, which shares a border with Nuevo Laredo, and McAllen, just across the Rio Grande from Reynosa.

The plans announced Tuesday fall short of Texas Gov. Rick Perry's request last month that 1,000 troops be sent to bolster border security in his state.

Perry said Tuesday that Washington has ignored the border for too long.

"We have been successful in spite of Washington's lack of focus on the border," said Perry, a Republican.

California Gov. Arnold Schwarzenegger, also a Republican, praised the government's plan as "a great first step."

Arizona's Republican governor, Jan Brewer, said the additional federal agents and technology will help, but National Guard troops are needed. In addition, the Obama administration should boost funding for local governments and tribal governments "to respond to the clearly increased threat of violence and kidnappings," Brewer said.

While Mexico wants the U.S. take more responsibility in the drug fight, officials south of the border have also bristled at the increasing "militarization" of the border.

Mexico officials are likely to welcome the stepped up efforts north of the border, but they have argued that much of the border security added recently has made illegal immigration more dangerous and done little to nothing to crack down on the illegal weapons trade.

Reuters and The Associated Press contributed to this report.

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The Enemy Within

Cartel-related violence has moved well beyond American border towns.

Eve Conant and Arian Campo-Flores

NEWSWEEK

From the magazine issue dated Mar 23, 2009

As Manuel exited the Radio Shack in Phoenix with his family one afternoon last month, a group of Hispanic men standing in the parking lot watched him closely. "Do it now, do it now," one said to another in Spanish, according to a witness. One of the men approached Manuel, pointed a revolver at his head and tried to force him into a Ford Expedition parked close by. "Please, I'll get into the car, just don't touch me," Manuel pleaded as he entered the vehicle, his wife told police. Nearby, she said, another man in a Chrysler sedan aimed a rifle or shotgun out the driver's side window. At some point, shots were fired, said witnesses, although apparently no one was hit. Then the vehicles tore off with a screech of tires.

Later that evening, the phone rang. When Manuel's wife picked up, a male voice said in Spanish, "Don't call the police," and then played a recording of Manuel saying, "Tell the kids I'm OK." The man said he'd call again, then hung up. Despite the warning, Manuel's wife contacted the cops. In subsequent calls, the kidnappers told her Manuel owed money for drugs, and they demanded \$1 million and his Cadillac Escalade as ransom.

When two men later retrieved the Escalade and drove off, the cops chased them and forced them off the road. Both men, illegal immigrants from Mexico, said they'd been paid by a man (whom authorities believe has high-level drug connections) to drive the vehicle to Tucson. So far, police say, Manuel hasn't reappeared, and his family has been reluctant to cooperate further with law enforcement. "He's a drug dealer, and he lost a load," says Lt. Lauri Burgett of the Phoenix Police Department's recently created kidnapping squad. "He was probably brought to Mexico to answer for that."

Surprising as it may seem, Phoenix has become America's kidnapping capital. Last year 368 abductions were reported, compared with 117 in 2000. Police say the real number is likely much higher, since many go unreported. Though in the past most of the nabblings stemmed from domestic-violence incidents, now the majority are linked to drug-trafficking and human-smuggling operations that pervade the Arizona corridor. It's still unclear to what extent the snatchings are being directly ordered by Mexican cartels, but authorities say they're undoubtedly a byproduct of the drug-fueled mayhem south of the border. "The tactics are moving north," says assistant police chief Andy Anderson. "We don't have the violence they have in Mexico yet—the killing of police officers and the beheadings—but in terms of kidnappings and home invasions, it has come."

That raises an unnerving prospect: that the turmoil in Mexico—where drug violence claimed more than 6,000 lives last year—is finally seeping across the border. According to a December report by the Justice Department's National Drug Intelligence Center, Mexican drug-trafficking organizations have established a presence in 230 U.S. cities, including such remote places as

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Anchorage, Alaska, and Sheboygan, Wis. The issue is preoccupying American officials. "This is getting the highest level of attention," including the president's, says Homeland Security Secretary Janet Napolitano. She tells NEWSWEEK that the administration is dispatching additional Customs and Border Protection and Immigration and Customs Enforcement personnel to the border, and it's reviewing requests from the governors of Arizona and Texas for help from National Guard troops. Earlier this month, Adm. Mike Mullen, chairman of the Joint Chiefs of Staff, visited Mexico to discuss assistance and to share potentially relevant lessons that the United States has learned in Iraq and Afghanistan, says a senior Pentagon official familiar with details of the trip who wasn't authorized to speak on the record.

All the attention has stoked public debate on a particularly fraught question—whether Mexico is a failing state. A U.S. Joint Forces Command study released last November floated that scenario, grouping the country with Pakistan as a potential candidate for "sudden and rapid collapse." Such a comparison is excessive, says Eric Olson of the Woodrow Wilson Center's Mexico Institute in Washington, D.C., though the Mexican government confronts "real problems of sovereignty in certain areas" of the country. Administration officials are striving to tone down the rhetoric and focus on ways to help. Among the priorities, says Olson: to cut American demand for drugs, to provide additional training and equipment to law-enforcement and military personnel in Mexico, and to clamp down on drug cash—an estimated \$23 billion per year—and assault weapons flowing into the country from the United States.

As the violence continues to spiral in Mexico, reports of cartel-related activity are on the rise in American cities far removed from the border. Last August the bodies of five Mexican men were discovered bound, gagged and electrocuted in Birmingham, Ala., in what was believed to be a hit ordered by Mexican narco-traffickers. A few months later, 33 people with cartel ties were indicted in Greenville, Tenn., for distributing 24,000 pounds of marijuana. In neighboring North Carolina, "there are cartel cells ... that are a direct extension from Mexico," says John Emerson, the Drug Enforcement Administration's special agent in charge in the state.

Law enforcement in Atlanta, where a maze of interstates provides distribution routes throughout the Southeast, has dubbed the city "the new Southwest border." "All those trends are coming here," says Fred Stephens of the Georgia Bureau of Investigations. "We are seeing alarming patterns, the same violence." He ticks off a spate of cartel-linked crimes in the state—assaults, abductions, executions. Last May authorities in Gwinnett County found a kidnap victim, along with 11 kilos of cocaine and \$7.65 million in shrink-wrapped bundles, in a house rented by an alleged Gulf cartel cell leader. A few months later, a suspected drug dealer in Lawrenceville was abducted by six men, dressed commando-style in black, and held for a \$2 million ransom (he escaped).

Nothing rivals the rash of kidnappings in Phoenix, however. As border enforcement has tightened the screws on the California and Texas crossings, Arizona has become a prime gateway for illicit trafficking—in both directions. "The drugs and people come north, the guns go south," says Elizabeth Kampshall, the DEA's special agent in charge of the Phoenix division. Arizona is mostly dominated by the Sinaloa cartel, which authorities say is trying to assert greater control over the U.S. drug trade. Yet analysts believe the organization has fractured—most notably last summer, when the Beltrán Leyva brothers reportedly split from leader Joaquín (El Chapo) Guzmán.

That internecine conflict, along with cartel encroachment north of the border, has created something of a free-for-all in Phoenix's criminal underworld. Among the groups that have stepped into the breach: roving Mexican gangsters called *bajadores*, or "takedown" crews, who are responsible for many of the city's kidnappings. Often operating in packs of five, they typically cross the border to commit crimes, then retreat south, say police. Some work as enforcers for the cartels, collecting payment from dealers who have stiffed the capos or lost their loads. Others function as freelancers, stealing shipments of drugs or illegal immigrants from traffickers. "We've seen an uptick in the *bajadores* since last summer," says Al Richard, a Phoenix police detective. "We are seeing a lot more professionals coming up here now."

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Bajadores are renowned for their ruthlessness. Kidnap victims have been found bound and gagged, their fingers smashed and their foreheads spattered with blood from pistol-whippings. When the crews abduct illegal immigrants—hoping to extort more money from relatives—they will sometimes kill someone off immediately to scare the others," says Richard. "There was a case last year where they duct-taped the mouth and nose of one individual and had the others watch while he asphyxiated and defecated on himself." Some bajadores have branched out to home invasions. In one incident last June, a gang broke into a home, outfitted in Phoenix police gear and Kevlar vests—a hallmark of criminal enterprises across the border.

To combat the problem, police in Phoenix created the kidnapping squad—known officially as Home Invasion Kidnapping Enforcement—last September. Led by Lieutenant Burgett, the team of 10 lead investigators has already busted 31 crime cells and made more than 220 arrests. But "it never stops," she says. "It's like a Texas ant hill." One of the squad's main objectives: to keep the abductions confined to the criminal world. "Most of the time, our victims are as bad as our suspects," says Sgt. Phil Roberts. "We give them five to 10 minutes to hug their wife, and then they are off to jail themselves." If average citizens begin to get enmeshed, the result could be widespread panic. "We don't want what happens in Mexico to happen here, where they are kidnapping bank presidents," he says. "We don't want the president of Wells Fargo to need a bodyguard."

Last Tuesday afternoon, the squad was working a case involving a suspected marijuana middleman. As police later learned, a few days earlier, he'd allegedly brokered a deal between a group of sellers and two buyers for 150 pounds of pot. But when the parties gathered at a suburban house, the two buyers held up the others and made off with \$40,000 worth of dope and cash. The man tried to escape, but a woman at the house pulled a gun on him. "You're not leaving," she said, according to the middleman's subsequent account to police. "You set up this deal." The stolen goods were now his debt. Eventually released, he scrambled to cobble together \$40,000 worth of possessions—three vehicles, 10 pounds of pot, some cash—while a man who called himself "Chuco" rang him every hour. But it wasn't enough. On Tuesday morning, Chuco arrived at the man's house. "I've got to go," the man told his girlfriend, according to her statements to police. "If I don't pay, they're going to hurt me." His abductors, he said, worked for El Chapo (an unconfirmed allegation).

Later that day, the man's girlfriend arrived at the police station. Sleepless and frantic, she folded repeated calls from her boyfriend, who pleaded for her to raise additional cash. The cops urged her to remain calm. "I know you are stressed, but you need to keep talking," said one of the detectives. "You are the only one who can do the negotiating." She had already called some family members and asked them to draw money from an equity line. But it wasn't arriving quickly enough. "I don't have it yet, baby," she told her boyfriend on a subsequent call, as he grew more distressed. "I'm doing everything I can."

Unbeknownst to the woman, the kidnapping squad had received information on her boyfriend's possible location. As cops approached the suspected house a little after midnight, an SUV suddenly sped away. Police pursued it and pulled it over. "Tell us where he is!" a detective told the passengers. Just then, a Chevy Impala took off from the house. Another chase ensued, and eventually the driver was forced to stop. Inside were four passengers, with the middleman in the rear, flanked by two men armed with weapons. Back at the station, detectives questioned the parties; as of late last week, charges were likely against four abductors, but not the victim, due to a lack of evidence in the suspected marijuana deal. But now he's on the cops' radar, says Burgett. "We do proactive follow-up on victims as well."

Though much of Phoenix's kidnapping epidemic stems from alleged drug deals gone awry, plenty are linked to the human smuggling trade. That work used to be dominated by small "mom and pop" outfits, but in time, the cartels have muscled in on it. Any group that wants to use their trafficking routes has to pay up—about \$2,000 per week for Mexicans and \$10,000 per week for "exotics," like Chinese and Middle Easterners, says Richard, the Phoenix detective. That added business cost has encouraged some smugglers to try to extort more money from their human loads—known as *pollas*, or "chickens"—once they've crossed the border. More and

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more, pollos may change hands several times among *dueños*, or "owners"—a new, more vicious breed of smugglers. The drop houses used to stash immigrants are also becoming more barbaric.

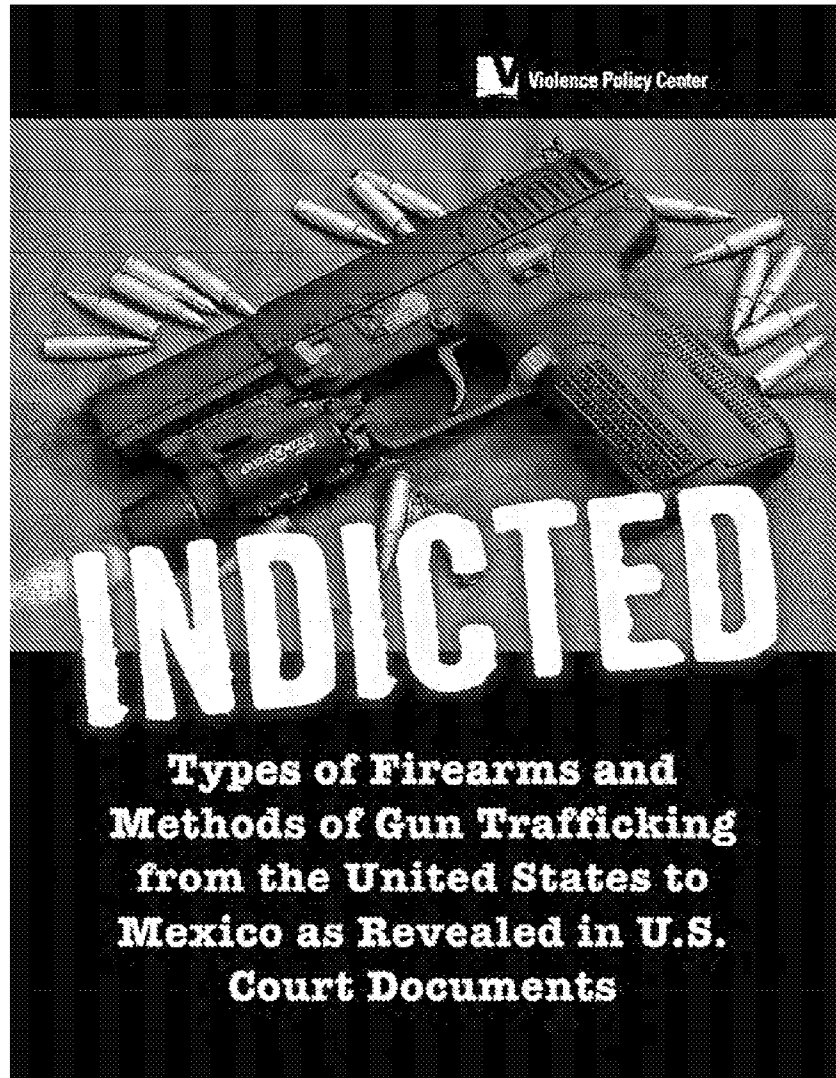
One recent night, the Human Smuggling Unit of the Maricopa County sheriff's office received a tip on a drop house in a middle-class neighborhood in Phoenix. Relatives of an immigrant being held there had received an extortion call demanding \$3,500. Joined by a SWAT team, the unit made its move, breaching windows and doors, which were boarded up (a typical precaution taken by smugglers). A half dozen men tried to escape but were grabbed, says Lt. Joe Sousa, the unit commander. Inside were several dozen illegal immigrants, all shoeless and famished. Authorities confiscated two pistols, a sawed-off shotgun and a Taser-like device —"used against people when they're put on the phone, begging their relatives for cash," says Sousa. It was a good bust, he says, but "within a week or two, that same organization will be back up and running." Sousa moved to Phoenix because he thought it was a nice place to raise a family. But the violence is out of control, he says. "Soon as I retire, I'm out of here."

Many area residents who have had encounters with the smuggling world share the sentiment. At a takedown of a suspected drop house a few days earlier in nearby Avondale, a neighbor became inconsolable describing the terror he experienced living next door to what locals fear is a home to ruthless criminals. "It's been hell," said the man, who refused to be named because he was scared. "I have five kids. I've been sleeping with two machine guns under my bed for two years." He's planning to foreclose on his property and flee with his family as soon as possible. Despite the bust, the smugglers "will be back," he said. "Right now, they are headed to the border, they'll chill out for a month, and they'll be back." As overwrought as he may have been, he was probably right.

With Cathanne Skipp, John Barry and Dan Ephron

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**Types of Firearms and Methods of Gun Trafficking from the United
States to Mexico as Revealed in U.S. Court Documents**

April 2009

The Violence Policy Center (VPC) is a national non-profit educational organization that conducts research and public education on violence in America and provides information and analysis to policymakers, journalists, advocates, and the general public. This report was authored by VPC Legislative Director Kristen Rand and was funded in part with the support of The Herb Block Foundation, the David Bohnett Foundation, and The Joyce Foundation. Past studies released by the VPC include:

- *Iron River: Gun Violence and Illegal Firearms Trafficking on the U.S.-Mexico Border* (April 2009)
- *Youth Gang Violence and Guns: Data Collection in California* (February 2009)
- *Black Homicide Victimization in the United States: An Analysis of 2006 Homicide Data* (January 2009)
- *"Big Boomers"—Rifle Power Developed Into Handguns* (December 2008)
- *When Men Murder Women: An Analysis of 2006 Homicide Data* (September 2008)
- *American Roulette: Murder/Suicide in the United States* (April 2008)
- *Black Homicide Victimization in the United States: An Analysis of 2005 Homicide Data* (January 2008)
- *An Analysis of the Decline in Gun Dealers: 1994 to 2007* (August 2007)
- *Drive-By America* (July 2007)
- *A Shrinking Minority: The Continuing Decline of Gun Ownership in America* (April 2007)
- *Black Homicide Victimization in the United States: An Analysis of 2004 Homicide Data* (January 2007)
- *Clear and Present Danger: National Security Experts Warn About the Danger of Unrestricted Sales of 50 Caliber Anti-Armor Sniper Rifles to Civilians* (July 2005)
- *The Threat Posed to Helicopters by 50 Caliber Anti-Armor Sniper Rifles* (August 2004)
- *United States of Assault Weapons: Gunmakers Evading the Federal Assault Weapons Ban* (July 2004)
- *Vest Buster: The .509 Smith & Wesson Magnum—The Gun Industry's Latest Challenge to Law Enforcement Body Armor* (June 2004)
- *Really Big Guns: Even Bigger Lies* (March 2004)
- *Bullet Losses: Semiautomatic Assault Weapons: What Are They? What's So Bad About Them?* (May 2003)
- *"Officer Down"—Assault Weapons and the War on Law Enforcement* (May 2003)
- *Firearms Production in America 2002 Edition: A Listing of Firearm Manufacturers in America with Production Histories Broken Out by Firearm Type and Caliber* (March 2003)
- *"Just Like Bird Hunting": The Threat to Civil Aviation from 50 Caliber Sniper Rifles* (January 2003)
- *Sitting Ducks: The Threat to the Chemical and Refinery Industry from 50 Caliber Sniper Rifles* (August 2002)
- *License to Kill IV: More Guns, More Crime* (June 2002)
- *The U.S. Gun Industry and Others Unknown: Evidence Debunking the Gun Industry's Claim that Osama bin Laden Got His 50 Caliber Sniper Rifles from the U.S. Afghan-Aid Program* (February 2002)
- *"A .22 for Christmas": How the Gun Industry Designs and Markets Firearms for Children and Youth* (December 2001)
- *Kids in the Line of Fire: Children, Handguns, and Homicide* (November 2001)
- *Unintended Consequences: Pro-Handgun Experts Prove That Handguns Are a Dangerous Choice for Self-Defense* (November 2001)
- *Visiting from the Rooftops: How the Gun Industry Armed Osama bin Laden, Other Foreign and Domestic Terrorists, and Common Criminals with 50 Caliber Sniper Rifles* (October 2001)
- *Hispanics and Firearms Violence* (May 2001)
- *Where'd They Get Their Guns?—An Analysis of the Firearms Used in High-Profile Shootings, 1963 to 2001* (April 2001)
- *A Deadly Myth: Women, Handguns, and Self-Defense* (January 2001)
- *Handgun Licensing and Registration: What It Can and Cannot Do* (September 2000)
- *Pocket Rockets: The Gun Industry's Sale of Increased Killing Power* (July 2000)
- *Guns For Felons: How the NRA Works to Rearm Criminals* (March 2000)
- *One Shot, One Kill: Civilian Sales of Military Sniper Rifles* (May 1999)
- *Cease Fire: A Comprehensive Strategy to Reduce Firearms Violence* (Revised, October 1997)

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Introduction

Increasing public attention is focusing on the role of the U.S. civilian firearms market as a major source of guns supplied to the Mexican drug cartels responsible for the escalating violence on the U.S.-Mexico border. Aided by restrictions—endorsed by the National Rifle Association (NRA) and implemented by Congress—on the release of federal crime gun trace data and a longstanding lack of detailed information on gun commerce (both legal and illegal) in America, the gun lobby has mounted a concerted campaign of disinformation: claiming that Mexican drug lords are solely using true military weapons, not their civilian counterparts, and that such guns come from anywhere *but* the U.S. civilian firearms market.

This report, based on indictments and criminal information filed in U.S. district courts in the southwest United States, conclusively refutes the gun lobby's claims. The information contained in these government documents clearly demonstrates—by the make, model, caliber, manufacturer, and retail source of firearms seized in criminal trafficking cases—that the military-style semiautomatic firearms easily available on the U.S. civilian gun market are a significant component of the weapons being trafficked to, and utilized by, the Mexican cartels.

Section One: The War Next Door

“What do they need to fight that war? Guns. Where do they get them? From here.”

According to both United States and Mexican government officials, large numbers of military-style firearms from the U.S. civilian gun market are fueling criminal violence in Mexico. A series of Congressional hearings and public policy reports have made clear that the U.S. gun industry—manufacturers, importers, distributors, retailers, and so-called “gun shows”—plays an instrumental role in making readily available to illegal gun traffickers the types and numbers of weapons that facilitate drug lords' confrontations with the Mexican government and its people.

U.S. and Mexican officials report that, based on firearms tracing data from the federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the cartels obtain 90 percent or more of their firearms from the United States.² Traces by ATF of firearms from Mexico have reportedly increased from 2,100 in 2006 to 3,300 in 2007 and 7,700 in 2008.³

Much of the armed violence is related to Mexico's struggle to defeat the Mexican drug trafficking organizations (DTOs), or cartels, that are the principal wholesale suppliers of illicit drugs to the United States. “There is a war going on on the border between two cartels,” William Newell, ATF Special Agent in Charge of the agency's Phoenix Field Division, was reported to have said in 2007. “What do they need to fight that war? Guns. Where do they get them? From here.”⁴

In July 2008 a journalist offered this description of Newell's workplace:

Near Newell's office is the “locker,” where confiscated guns are stored. The room is crammed with hundreds of Chinese and Eastern European AK-47s, American AR-15

rifles, shotguns, Tec-9 [sic] semiautomatic pistols, Colt .38s, Austrian Glock 9-millimeter handguns, and Fabrique Nationale 5-7 [sic] pistols, the latter are known as *mata policia*s, or cop killers, because they fire rounds that can pierce bulletproof vests. On the floor sits a Barrett .50 caliber rifle, preferred by American military snipers because it can pick off a foe a mile away.

Almost all of these guns were nabbed crossing the border, and almost all of them, even the deadliest, are available at gun stores, sporting-goods stores, Wal-Marts, hundreds of gun shows, and tens of thousands of virtually unregulated private dealers across the U.S. "My first weekend on the job here, I recovered 30 AKs," one of Newell's agents, previously a detective in the Bronx, tells me. "I thought I'd seen everything, but what I see here blows my mind." Adds Newell: "A lot of people think, 'Well, this is Mexico's problem.' It's obviously not."⁵

If a war is being fought in Mexico, the arms borne by the criminal groups waging it are the military-style weapons that have come to define the U.S. civilian gun market. William J. Hoover, Assistant Director of ATF's Office of Field Operations, testified in February 2008 that military-style firearms—both imported and domestic—are the drug cartels' weapons of choice:

Mexican drug trafficking organizations have aggressively turned to the U.S. as a source of firearms. These weapons are used against other DTOs, the Mexican military, Mexican and United States law enforcement officials, as well as innocent civilians on both sides of the border. Our comprehensive analysis of firearms trace data over the past three years shows that Texas, Arizona, and California are the three primary source states respectively for United States sourced firearms illegally trafficked into Mexico. Recently, the weapons sought by drug trafficking organizations have become increasingly higher quality and more powerful. These include the Barrett 50-caliber rifle, the Colt AR-15 .223 caliber assault rifle, the AK-47 7.62-caliber assault rifle and its variants, and the FN 5.57-caliber [sic] pistols, better known in Mexico as the cop killer.⁶

The Gun Lobby's Campaign of Disinformation

As increasing attention has focused on this problem, the National Rifle Association and other pro-gun voices have found themselves in the uncomfortable position of having to defend unregulated civilian access to military-style firearms—including semiautomatic assault rifles, 50 caliber sniper rifles, and cop-killing, body armor-defeating handguns—being used to kill Mexican officials and law enforcement officers.⁷ In order to combat what it views as both a public relations nightmare and a potential policy threat, the gun lobby has mounted an aggressive

⁵ This is in addition to attacks on law enforcement personnel in the United States. For example, on April 4, 2009, four Pittsburgh, Pennsylvania police officers were shot with an AK-47 assault rifle after responding to a domestic disturbance call. Three later died from their wounds. "3 officers slain responding to call, Pittsburgh police chief says," *CNN.com*, Saturday, April 4, 2009, <http://www.cnn.com/2009/CRIME/04/04/pittsburgh.officers.shot/index.html>.

disinformation campaign.^b It has sought to divert attention from the role played by U.S.-supplied weapons, defending the gun industry by means of artfully contrived rhetoric advancing misleading lines of argument. Principal among the gun lobby's themes are:

- o The Mexican drug cartels use full-auto military armament, not semiautomatic military-style civilian weapons available on the U.S. domestic market.
- o ATF trace data represents only a limited part of the total universe of guns used in crime in Mexico and should therefore be discounted.

A recent "commentary" posted on *CNN.com* by NRA Executive Vice President Wayne LaPierre is a representative example of the gun lobby's rhetoric in defense of the U.S. gun industry and our nation's lax gun laws.

LaPierre erects his straw man with the emotionally charged statement that "gun abolitionists claim Mexican gun laws are so strict that our 'weak laws' (read: freedoms) are to blame for 'fueling the violence' in Mexico."

He then proceeds to attack his straw man with a series of unverifiable statements that define the term "argument by assertion." LaPierre's goal is to draw an opaque curtain across the facts as stated by both U.S. and Mexican government officials in both hearings and reports. "Well, to believe that..." he writes:

You have to believe that Mexico's drug cartels, which possess the wealth and armies of nations, prefer American semiauto target and hunting rifles over fully automatic machine guns and any other military arms they want to crush opposition.

You have to believe Mexican drug lords—who make *Forbes* magazine's list of billionaires—don't get large lots of weaponry on the transnational black market but instead choose to trifle with paperwork at U.S. gun stores...⁷

A similar argument was advanced in a blog posting offering the following statement from a reported interview with a former U.S. Border Patrol Supervisor, David J. Stoddard:

There are no gun shops in the United States where you can buy an AK-47 with a selector switch. You cannot buy hand grenades, fully automatic weapons, high explosives or Rocket Propelled Grenades. The Mexican Cartels are using all of those. The cartels are getting those weapons from corrupt members of the Mexican Government which has obtained them from the U.S.A, and from other sources in Central and South America. It is a huge lie that 90% of the cartel weapons are supplied by straw purchasers in the USA.⁸

^b This report does not address the gun lobby's general and continuous misrepresentations made in defense of military-style weaponry, such as its semantic arguments denying the existence and demonstrably deadly danger of semiautomatic assault rifles. See, for example, the 2003 VPC studies *Bullet Hoses: Semiautomatic Assault Weapons: What Are They? What's So Bad About Them?* (<http://www.vpc.org/studies/lisecomm.htm>) and "Officer Down": *Assault Weapons and the War on Law Enforcement* (<http://www.vpc.org/studies/officecom.htm>). In addition, contrary to Stoddard's assertion at the bottom of this page, over 250,000 legal full-auto weapons manufactured before 1986 are available for purchase by civilians from gun stores and individuals in the U.S.

The common thread of these pro-gun arguments is that the role of the U.S. domestic firearms industry in arming the cartels is a fabrication, based on skewed tracing data and purposeful misrepresentation, and that the Mexican drug cartels prefer “real” military weapons, not civilian versions of the same.

Lack of Transparency Caused by the Tiahrt Amendment Aids and Abets the Gun Lobby’s Argument

The gun lobby has received a free ride on this argument. It does not provide any data of its own, but instead merely attacks statements of government officials and concerned public policy groups. It is aided and abetted in this process by restrictions on the release of the underlying crime gun trace data, which creates an informational vacuum in which the NRA’s unsupported claims seek foothold. These restrictions are due to a law, inspired by the National Rifle Association and the gun industry and implemented by Congress, as well as decisions made by ATF’s leadership.

For the past several fiscal years, appropriations legislation for the Bureau of Alcohol, Tobacco, Firearms and Explosives has contained a spending prohibition commonly known as the Tiahrt Amendment (for its sponsor, Kansas Representative Todd Tiahrt). The law bans the public release of comprehensive information about guns traced to crime scenes contained in ATF’s firearms tracing system database. These restrictions prevent policymakers (including Members of Congress), academics and other analysts, journalists, and even law enforcement agencies from having access to comprehensive data that would provide a far clearer picture of the types and sources of firearms being smuggled to Mexico from the U.S. and used by the drug cartels.

The Tiahrt Amendment’s ban on the release of comprehensive crime gun trace data withholds information that up until 2003 had been readily available to the public under the Freedom of Information Act (FOIA). Public release of the data is critical to a fuller understanding of the Mexico gun trafficking problem. During the presidential campaign, then-candidate Obama promised to repeal the Tiahrt Amendment. To repeal the Tiahrt Amendment would not only further public safety in Mexico, but also in the United States. Only the gun lobby and criminals benefit from non-disclosure of this information.

In the absence of such full transparency, data like that contained in this report helps shine a light on the dark corners in which the gun lobby and its industry partners seek to hide such information. All of the information contained in this report is drawn from public records—thorough and detailed, but difficult for citizens and news media alike to access and aggregate.

These data offer a clear window into the significant role played by the U.S. civilian gun market in supplying Mexican gun traffickers and the weapons favored by them—overwhelmingly civilian semiautomatic assault rifles, “vest buster” handguns like the FN Five-seveN 5.7mm armor-piercing pistol, and 50 caliber sniper rifles—and that contrary to the assertions of the NRA’s LaPierre, the cartels are all too willing to “trifle with paperwork at U.S. gun stores.”

Section Two: The Types of U.S. Military-Style Firearms Favored by Mexican Traffickers

For this report, the Violence Policy Center worked to identify criminal cases alleging illegal gun trafficking to Mexico filed in U.S. federal courts in Arizona, California, Nevada, and Texas for the period February 2006 to February 2009.⁶ Reviewing government press releases, government statements, and local news coverage, the VPC was able to identify and obtain the court documents for 21 cases filed during this period. The information presented in this report regarding specific firearms was retrieved exclusively from facts specified by the United States government, primarily in criminal complaints and indictments. The VPC included every case it found, regardless of the type or number of weapons trafficked.

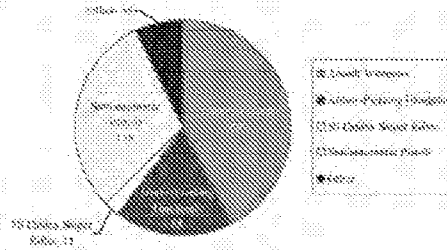
In many of the cases, prosecutors alleged that traffickers were responsible for smuggling larger numbers of guns or rounds of ammunition than were specified in the criminal charging documents. Overall, prosecutors allege that the indicted individuals were responsible for approximately 1,700 guns trafficked to Mexico. Investigators also uncovered high-dollar purchases by traffickers in the course of the investigations associated with the cases. For example, ATF says that after an inspection of a Federal Firearms License holder (FFL) in Texas, it was “able to determine that, over a 15 month time frame, 23 suspected gun traffickers purchased 339 firearms”—with at least 40 of the guns recovered by police in Mexico and three in Guatemala. ATF said the total expenditure on the trafficked guns was \$366,449.31. In another case, ATF said that one suspected trafficker based in Las Vegas, Nevada “had either purchased, or caused others to purchase, over \$100,000 of firearms.”

The percentages and charts presented in this section, however, tabulate only the *named* weapons or ammunition specified in court documents associated with the specific criminal charges. Most include manufacturer, model, and caliber and many include the names of the point-of-sale dealers. Therefore, the VPC findings offer a snapshot of illegal firearms trafficking to Mexico from the United States. The findings should not be viewed in any way as offering an estimate of the *overall* numbers of guns or ammunition being trafficked from the U.S. into Mexico.

The filings that comprise this snapshot offer a clear picture of the types of firearms most coveted by those trafficking guns to Mexico as well as the methods the traffickers use to obtain them. The patterns that emerged from the documents include the following.

⁶ The VPC attempted to identify all such cases but efforts were limited by search restrictions in the databases used.

- Traffickers seek out semiautomatic assault weapons, armor-piercing handguns, and anti-armor sniper rifles.

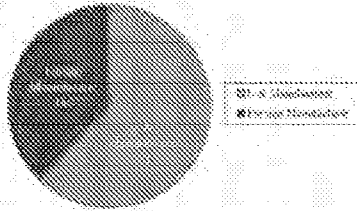


There were 891 firearms listed in the documents, with specific information about the weapon type for 892 of these firearms. Of the total of 892 firearms with detailed weapon type listed, nearly two thirds (63 percent) were either assault weapons (239 or 43 percent), armor-piercing handguns (86 or 17 percent), or anti-armor sniper rifles (111 or 11 percent). The remainder were primarily semiautomatic pistols (148 or 16 percent). Of the armor-piercing handguns, 88 were F74 Beretta 9mm-sevenN pistols.

- Of the total number (236) of rifles, 90 percent (204) could be identified as military-style assault weapons, the bulk of which were either AK-47 or AR-15 variants.
- The firearms listed were a mix of guns manufactured in the United States and weapons imported into the U.S. when they were then acquired by illegal traffickers.

¹⁰ In addition to the 891 listed firearms, one case described the illegal acquisition of an additional number of firearms. Those firearms are not included in this report.

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Of the 557 guns whose the source of manufacture could be identified, 781 (62 percent) were made by U.S.-based manufacturers with more than one third (186 or 28 percent) made by foreign manufacturers.

- o In addition to military-style firearms, traffickers also obtain high volumes of ammunition in the United States.

Caliber	Number of Rounds	Caliber	Number of Rounds
.40	10,200	.308	28
9mm	10,001	.308	10
7.62mm	4,011	.28	10
5.56mm	1,128	.410	10
.223	177	.303	8
12 gauge	173	30 Carbine	3
.50	88	Caliber not stated	44,590
.72	40	Total	70,700

- o **Traffickers also obtain non-firearm items for their use.**

Examples of items obtained by traffickers detailed in the court documents include: 12 AK-47 drum magazines; two 40mm grenades; five tactical vests; two ballistic body armor plates and carriers; two sets of ballistic body armor; one AR-15 upper receiver; one stun gun; one weapons mounted laser aiming system; and child pornography.

Made clear by the court documents is the fact that those trafficking firearms to Mexico—like the incalculable number of criminals, mass shooters, and extremist organizations before them—recognize that with little more than an ID, money, and a limited degree of ambition virtually anyone can use the U.S. civilian gun market to easily outfit their own army.

Section Three: Methods Used by Traffickers to Obtain the Firearms

What emerges with striking clarity from these cases is that illegal traffickers are indeed willing to, in the words of the NRA's LaPierre, "trifle with paperwork at U.S. gun stores." The vast majority of the firearms listed in the court documents were acquired from Federal Firearms License holders (FFLs), mainly through the use of "straw buyers," a legal purchaser buying a firearm for someone else who is in a prohibited category or for other reasons is violating federal firearms law. Other cases involved individual buyers who lied on the federal Form 4473 (e.g., providing a false address).

The court documents reveal a web of elaborate, coordinated rings of "straw purchasers" who acquired guns for the traffickers at gun shops and gun shows in border states.

- o In one case, a female "straw buyer" was approached by a friend who offered to pay her \$150 for every gun she purchased. The woman eventually told an ATF investigator that she was told to buy only FN Herstal pistols or rifles. She said she bought one firearm from Dury's gun store in San Antonio, Texas on August 8, 2007, and picked up another on August 9, 2007, which she had ordered the day before. On August 11, 2007, the woman was taken by the trafficker to a gun show at the Live Oak Civic Center where she purchased another FN firearm. When the woman took the gun to the trafficker who was waiting in a Jeep, she claimed that the trafficker showed her 10 other firearms that had been purchased by other people. After being contacted by ATF, the woman called her friend and asked him to return the guns so that she could show them to ATF. The friend provided her with an FN rifle and pistol she had purchased and urged her not to worry since he claimed to have other individuals buying guns for him who had not gotten into any trouble. The trafficker's scheme unraveled when the friend identified the trafficker, Ernesto Garza, to ATF and described how he had organized several individuals to buy firearms in San Antonio and then arranged for their transport into Mexico where Garza would trade the firearms for kilos of cocaine and bring the drugs back into the U.S. Garza, a Mexican national, began his trafficking operation in June 2005, dealing mostly in hunting rifles according to U.S. Immigration and Customs Enforcement (ICE). In mid-2006, however, he began trafficking in "high-powered, high-capacity handguns and assault rifles," according to ICE. Garza's gun acquisitions consisted mainly of FN PS90 assault rifles and Five-seveN pistols. ICE alleged that Garza's smuggling ring provided more than 50 weapons to Mexico including one Five-seveN pistol recovered after it was used in a running gun battle that left two Mexican soldiers dead. In August 2008, Garza pleaded guilty to conspiring to obtain firearms by making false statements and smuggling firearms into Mexico.
- o In another case, filed on February 11, 2009, the government alleged that 10 defendants acquired firearms through "straw purchasers" from a variety of Federal Firearms License holders in the Tucson and Phoenix areas and then smuggled them across the border into Mexico. The alleged traffickers evinced a particular appetite for AR- and AK-style assault rifles. The indictment alleges that one "straw buyer" bought eight Olympic Arms AR-type .223 assault rifles on one day in 2008 from Mad Dawg Global, an FFL who appears to operate out of a private residence. A total of 31 assault rifles were bought from

J.G. SALES Dealer, Dealer, etc. www.jgsales.com

Czech CZ-82
 In Very Good Condition... \$179.95
 In Excellent Condition... \$199.95
 In Very Good Condition... \$199.95
 In Excellent Condition... \$219.95
 In Very Good Condition... \$239.95
 In Excellent Condition... \$259.95

Polish P64
 In Very Good Condition... \$159.95
 In Excellent Condition... \$179.95

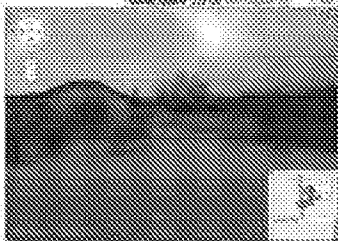
ROMANIAN PAK-77
 Romanian AK-47 CP75
 38 Round Steel AK-47 Mag
 PAK Side Rail Mount
 400 Top Mount and 400mg
 Adjustable Set: 450 Yards, 5000's Range
 Windage and Elevation Light Adjustment Tool
 Subcompact AK47 Keyhole Type 3 with Sights
 Romanian AK47 Keyhole with Sights

GALLIGOHANI 223 CALIBER
 Galant Quarter 223 Caliber
 New Lower Price! \$599.95

Russian AK47
 Russian AK47

Russian AK47
 Russian AK47

Russian AK47
 Russian AK47



The "Galler Residence" link provided for Lead Change Model on CoStar.com shows this residence in Chicago

These Romanian AK47s with sights were purchased by respected intelligence cover contractors from the FBI's Dallas and Great Newport News offices.

Mad Dawg. One defendant also bought four Romanian AK-type assault rifles from J&G Sales on consecutive days in July 2008. In addition, the defendants patronized Phoenix-area gun shows where they bought several assault rifles from FFLs operating at the shows. The defendants were observed by authorities on numerous occasions crossing the border into Mexico at the Douglas Port of Entry. Prosecutors identified 112 firearms that were illegally purchased by this “straw purchaser” ring. Mexican authorities have recovered at least four of the guns in Mexico, including a Saiga 7.62x39mm assault rifle and an Olympic Arms .223 assault rifle. The Olympic Arms assault rifle was found in a house along with 17 other rifles, 7,000 rounds of ammunition, two grenades, and five tactical vests.

Other cases also demonstrate how traffickers are easily able to buy firearms—including assault weapons—in bulk.

- o In one case, a suspected trafficker placed an order at a Texas gun store for 10 DPMS assault rifles and five Bushmaster Carbon 15 assault pistols. The total purchase price for the weapons was \$16,000. Told that the guns were not in stock, the trafficker informed the clerk that not all of the firearms were for him and that others would be by to pick them up. The trafficker provided the clerk with names of individuals who had previously purchased similar models of firearms from that store. The trafficker then paid the entire \$16,000 due in cash. Six DPMS assault rifles were discovered by ICE hidden underneath the roof shingles of a van driven by the suspect as he attempted to cross the border into Mexico.
- o In a separate case, a suspected trafficker bought eight Bushmaster .223 assault rifles from two locations of a Houston gun retailer in a four-day period from December 12 through December 16, 2006. The same trafficker had purchased five Beretta high-capacity pistols from one of the same locations on November 7, 2006. Mexican authorities recovered two of the Berettas along with larger arsenals in separate seizures in Mexico. One of the Bushmasters was recovered from a member of the Zetas—renegade paramilitary forces working for the drug cartels—after an assault on Mexican police.

Other cases highlight the fact that traffickers seek out extreme firepower in the form of military-style weapons:

- o One case involved a single defendant, nicknamed “Zorra,” accused of dealing in firearms without a license. Zorra was allegedly responsible for the illicit transfer of 28 firearms in a five-month period in 2008, including: several DPMS assault rifles; three Barrett 50 caliber anti-armor sniper rifles; and, 11 FN PS90 assault rifles. Zorra was also implicated in another case in which it was asserted that he recruited a “straw buyer,” Juan Valdez, who purchased or caused to be purchased more than \$100,000 worth of firearms according to the sworn complaint of an ATF agent. Mexican authorities seized five guns—including a .223 assault rifle, three .308 assault rifles, and a 50 caliber sniper rifle—that were traced back to Valdez after a shootout in Tijuana that killed four drug cartel suspects and one Mexican soldier in October 2008.

Other traffickers merely lied on the federal Form 4473 to obtain their weapons.

- o Federal investigators believe that Turner Cornell Mooneyham ran a one-man, high-volume, gun smuggling operation that was funneling hundreds of guns to Mexico. Mooneyham allegedly claimed a vacant lot as his residence on the federal Form 4473s he filled out at the numerous retail outlets from which he purchased the firearms. The indictment filed in U.S. federal district court in Texas listed 43 firearms that Mooneyham “fraudulently or knowingly exported” to Mexico. Investigators say Mooneyham trafficked at least 500 firearms to Mexico, selling them to several buyers.¹⁹ The U.S. Attorney cited witnesses who described the methods that Mooneyham used to smuggle the weapons, including a cache under the platform bed of a motor home. A search of the motor home revealed ammunition, gun orders, Mexican immigration documents, and “other evidence indicative of firearms trafficking.” When authorities searched Mooneyham’s residence, they discovered child pornography on his computer. Mooneyham was charged with several counts of possession of child pornography along with charges of making false statements in the records of federally licensed gun dealers and illegally transporting guns from Texas to Mexico. He pleaded guilty to eight counts of firearm violations in December 2008 and was scheduled to go on trial for the child pornography charges in March 2009.

Section Four: Sample Document

This excerpt from the February 11, 2009, indictment of Begmar Ivan Ruiz-Zuniga and Miguel Angel Dominguez describes in detail the methods the two allegedly used to smuggle guns to Mexico and offers examples of the types of weaponry being obtained by traffickers in the United States.

<u>OVERFACTS</u>	
In furtherance of the conspiracy, and to effect the objects thereof, at least one of the co-conspirators has at least committed one or more of the following overt acts, among others, in the Western District of Texas, and elsewhere:	
1.	On or about February 1, 2007, BEGMAR IVAN RUIZ ZUNIGA requested J.L.G. purchase firearms for RUIZ in the United States and illegally export them to him in Mexico.
2.	On or about May 21, 2007, J.L.G. exported two firearms from the United States to the Republic of Mexico for BEGMAR IVAN RUIZ ZUNIGA.
3.	On or about March 19, 2008, J.L.G. traveled from Ciudad Juarez, Chihuahua, Mexico to El Paso, Texas, to receive firearms from persons known and unknown to the Grand Jury that had previously been purchased by J.L.G. for delivery to BEGMAR IVAN RUIZ ZUNIGA in Mexico.
4.	On or about March 19, 2008, J.L.G. secreted six firearms inside a white cargo van to export them from the United States to the Republic of Mexico for delivery to BEGMAR IVAN RUIZ ZUNIGA.
5.	On or about December 8, 2008, BEGMAR IVAN RUIZ ZUNIGA asked an individual to visit a residence on the east side of El Paso, Texas, in order to facilitate firearms smuggling. RUIZ was to use one room at this residence.
6.	On or about December 17, 2008, this individual rented a house at 11834 Dick Meyers in El Paso, Texas, as requested by BEGMAR IVAN RUIZ ZUNIGA.
7.	On or about December 22, 2008, BEGMAR IVAN RUIZ ZUNIGA asked an individual to pick up a vehicle in El Paso, County, Texas, for RUIZ the following day. RUIZ asked him to then strip off the contents of the vehicle at the residence on Dick Meyers. The individual went to the location identified by RUIZ on December 23, 2008, and drove the vehicle to the Dick Meyers address. This vehicle contained firearms and ammunition.
8.	On or about December 23, 2008, MIGUEL ANGEL DOMINGUEZ, received and stored an upper receiver for an AR-15 style firearm from BEGMAR IVAN RUIZ ZUNIGA, and RUIZ asked DOMINGUEZ to store the upper receiver at DOMINGUEZ'S residence in El Paso, County, Texas, until RUIZ could smuggle the upper receiver into Mexico.
All in violation of Title 18 United States Code Section 271.	
2	

NOTICE OF GOVERNMENT'S DEMAND FOR FORFEITURE
 18 U.S.C. § 554 (a) and 524(a)(1)

As a result of the offenses set forth in Count One herein, Defendants

**BEGMAR IVAN RUIZ-ZUNIGA, and
 MIGUEL ANGEL DOMINGUEZ,**

shall forfeit to the United States pursuant to 18 U.S.C. § 924(d)(1) and 28 U.S.C. § 2461(c), all firearms involved in or used in any knowing violation of the commission of the offenses, including, but not limited, to the following:

1. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1977F31174.
2. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1976GD0400.
3. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1985 S-BK2850.
4. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1944 NX1259.
5. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1964LF3636.
6. AK GP WASR-1063 7.62 X 39 mm Assault Rifle Serial Number 1988ACL3991.
7. AK-47 GP WASR 7.62 x 39 mm Assault Rifle Serial Number 006325.
8. AK-47 GP WASR 7.62 x 39 mm Assault Rifle Serial Number IS-4612-79.
9. Romanian AK-47 7.62 x 39 mm Assault Rifle Serial Number 1-26383-2803.
10. AK-47 GP WASR 7.62 x 39 mm Assault Rifle Serial Number 000460.
11. AK-47 GP WASR 7.62 x 39 mm Assault Rifle Serial Number 003392.
12. 240 Rounds of 7.62x39 mm Russian Bear Ammunition
13. 1000 Rounds of Wolf brand 7.62 x 39 mm ammunition.
14. 88 Rounds of 50 Caliber ammunition.
15. 1100 Rounds of 5.56mm ammunition.
16. 140 rounds of .223 caliber Wolf brand ammunition.

17. 20 rounds of 5.56mm NATO Match ammunition.
18. 20 rounds of armor piercing .223 caliber ammunition.
19. 6 rounds 12 Gauge Shotgun ammunition.
20. 101 rounds of 7.62 x 39mm ammunition.
21. 2 each 12 Gauge Sabot Shotgun Slugs ammunition.
22. 7 rounds 5.56mm ammunition.
23. 19 projectiles 338-270.
24. 16 rounds 410 gauge shotgun ammunition.
25. 17 rounds .223 caliber Remington brand ammunition.
26. 35 rounds .32 auto ammunition.
27. 20 rounds 7.62 x 39mm Wolf brand ammunition.
28. 70 rounds 12 Gauge shotgun Federal Law Enforcement Demo ammunition.
29. 50 rounds 12 Gauge shotgun Federal Law Enforcement Slug ammunition.
30. 44 rounds 12 Gauge shotgun 00 Buck ammunition.
31. 1 round 12 Gauge shotgun 000 Buck ammunition.
32. 1 round .38 special ammunition.
33. 2 rounds .38 special speed ammunition.
34. 5 rounds .32 auto ammunition.
35. 1 round 9mm ammunition.
36. 8 rounds .257 ammunition.
37. 4 rounds .30 carbine ammunition.
38. 7 M16 ammunition magazines.
39. 3 AK-47 ammunition magazines.

40. 2 each Ballistic body armor plates and carriers.

41. 2560 rounds of 7.62 x 39mm Russian ammunition.

42. 13 rounds of 38 special ammunition.


43. 2 sets of Ballistic body armor.

44. 1 AR-15 Upper Receiver.

A TRUE BILL

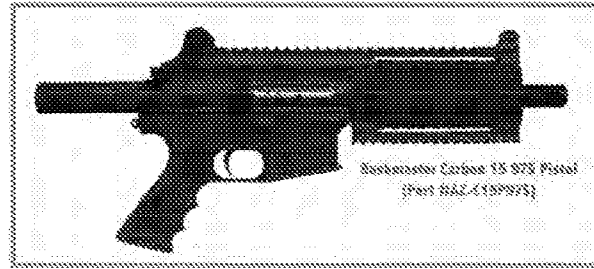
FORPERSON OF THE GRAND JURY

JOHNNY SUTTON
UNITED STATES ATTORNEY

BY: 
Assistant U.S. Attorney

5

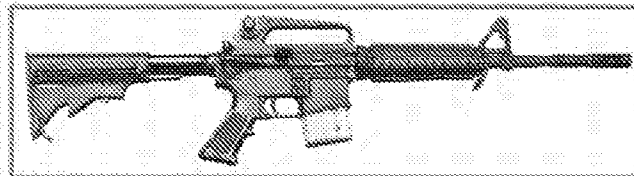
Section Five: Examples of Models of Assault Rifles, Pistols, and 50 Caliber
Sniper Rifles Cited in Documents



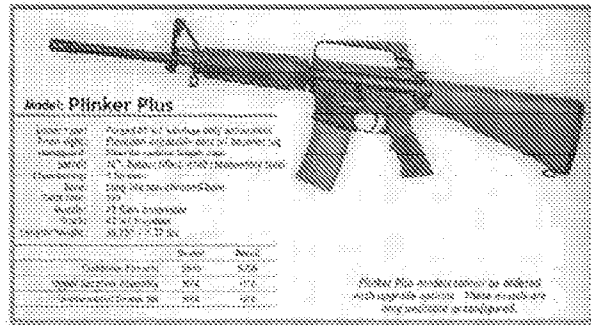
Beretta Carbon 15 pistol



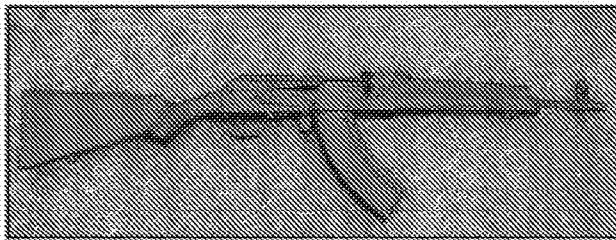
WAGR-16, imported from Romania by Century Arms



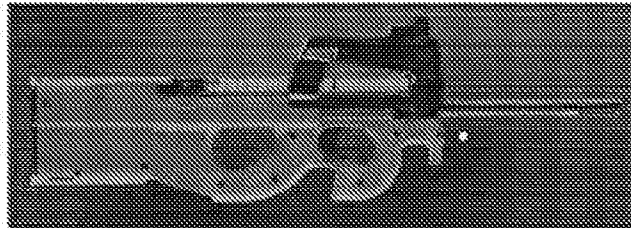
Beretta AR-15 type assault rifle



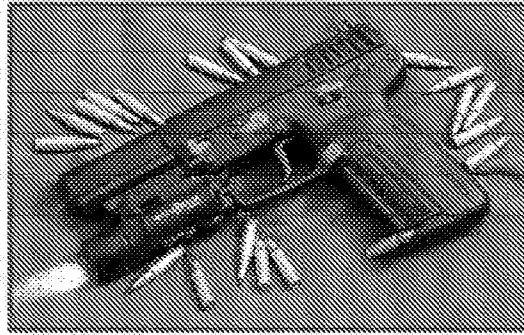
Olympic Arms Plinker Plus



Ruger Rifle, imported by Armasud Arms



FN Herstal P390



FX Barret Firearms Corp

BARRETT

Model 82A1



Long range accuracy, light weight, low recoil

82A1 FEATURES:

- Caliber: .50 BMG
- Chambering: Short Barrel, Semi-Automatic
- Barrel length: 17 inches
- Barrel length: 20 inches
- Weight: 20.5 lbs.
- Feed device: 10 Round Box Magazine
- Trigger: Trigger Guard Brake
- Construction: Steel and Aluminum
- Manual ejection port
- Receiver: Receiver
- Sights: Custom

Barrett 50 caliber action-pulling caliber rifle

101

20

**Section Six: Steps the U.S. Government Can Take to Address
Gun Trafficking from the United States to Mexico**

It is clear that the U.S. gun industry is significantly contributing to the flow of military-style weapons that is fueling the violence in Mexico. The United States must take responsibility for the role that U.S. gunmakers, importers, and retailers play in supplying Mexican drug cartels. There are several immediate steps that the U.S. government can, and must, take to help stem the cross-border flow of weapons.

STEP ONE: The Obama administration should immediately and strictly enforce the existing ban on the importation of semiautomatic assault weapons.

- o The federal Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) can fully exercise its existing statutory authority to exclude from importation all semiautomatic assault rifles as “non-sporting” weapons pursuant to 18 USC §925(d)(3) (a provision of the 1968 Gun Control Act) and also exclude the importation of assault weapon kits and parts sets. This policy was first implemented in 1989 by the George H.W. Bush administration in response to drug wars and mass shootings in the U.S. The Clinton administration strengthened the import rules in 1998 in response to efforts by the gun industry to evade the ban, but the policy was essentially abandoned by the George W. Bush administration. A strict import policy would capture the vast majority of AK-type rifles and other imported assault rifles such as the WASR-10 and FN Herstal PS90 favored by the Mexican cartels.

STEP TWO: The Obama administration should expand the import restrictions to include other dangerous “non-sporting” firearms.

- o The same provisions of existing law could be used by ATF to restrict other “non-sporting” firearms that are currently being imported into the U.S. and trafficked to Mexico, including the FN Five-seveN handgun and new AK-type pistols.

STEP THREE: The Obama administration should work with Congress to repeal the current restrictions on release of ATF crime gun trace data (Tiahrt Amendment).

- o For several years the legislation making appropriations for the Bureau of Alcohol, Tobacco, Firearms and Explosives has included severe restrictions on the public release of data contained in the crime gun trace database. Previously, the data was publicly available under the Freedom of Information Act (FOIA). Access to this database is critical to a full understanding of the gun trafficking problem, e.g. most problematic makes/models, source states and dealers, etc. It is imperative that the Obama administration follow through on its campaign promise to work with Congress to repeal these restrictions in ATF’s fiscal year 2010 appropriations.

STEP FOUR: ATF should be far more aggressive in identifying and sanctioning Federal Firearms License holders (FFLs) who are the sources of high volumes of guns trafficked to Mexico. For example:

- o **Target border-state dealers for yearly compliance inspections.** ATF is allowed to conduct one warrantless compliance inspection of each dealer once a year. It should ensure that dealers found to supply a significant number of guns seized in Mexico are inspected annually.
- o **Be more aggressive in revoking the licenses of dealers found to be knowingly supplying Mexican traffickers.** Although federal law allows a license to be revoked for a single violation—provided ATF can show it was “willful”—ATF usually does not seek revocation unless a dealer has had numerous problems over years of inspections.
- o **Require licensees who conduct business at gun shows to notify the Attorney General of such activity.** ATF has acknowledged that gun shows in border states are a significant source of guns trafficked to Mexico. The law allows the Attorney General to prescribe the rules for dealers operating at gun shows. ATF could focus targeted oversight and regulation on FFLs who sell at gun shows in border states and sanction dealers identified as actively supplying those trafficking firearms to drug gangs in Mexico.

STEP FIVE: Implement legislative initiatives that will significantly reduce the firepower available to gun traffickers.

- o **Implement an effective federal assault weapons ban.** The federal ban that expired in 2004 was ineffective in that manufacturers continued to sell assault weapons throughout the term of the ban by making minor cosmetic changes in gun design. For example, the domestically manufactured AR-type rifles that are currently a huge part of the problem in Mexico were sold by manufacturers Bushmaster, Colt, DPMS, and others in “post-ban” configurations that complied with the letter, but not the intent, of the 1994 law. To be effective, a new federal law should be modeled on California’s existing comprehensive ban. Such a bill was introduced last Congress by Representative Carolyn McCarthy (D-NY) as H.R. 1022. The bill also includes a ban on high-capacity ammunition magazines that would help reduce the lethality of the standard high-capacity pistols that are also a problem in Mexico.
- o **Implement restrictions on 50 caliber sniper rifles.** A bill (S. 1331) to regulate the 50 caliber sniper rifles favored by Mexican gun traffickers under the strict licensing, background check, and taxation system of the National Firearms Act (NFA) was introduced last Congress by Senator Dianne Feinstein (D-CA).
- o **Update the current ban on armor-piercing ammunition to cover new types of armor-piercing and armor-piercing incendiary ammunition.** The current federal law uses an inadequate “content-based” standard that does not work to ban new types of armor-piercing ammunition like that used in the FN Five-seveN pistol currently favored by Mexican cartels or the .500 Smith & Wesson revolver.

Endnotes

¹ See, e.g., U.S. House of Representatives, Committee on Oversight and Government Reform, Subcommittee on National Security and Foreign Affairs, Hearing on "Money, Guns, and Drugs: Are U.S. Imports Fueling Violence on the U.S.-Mexico Border?," March 13, 2009, <http://nationalsecurity.oversight.house.gov/story.asp?ID=2343>; U.S. House of Representatives, Subcommittee on the Western Hemisphere, Hearing on "Guns, Drugs and Violence: The Merida Initiative and the Challenge in Mexico," March 18, 2009, http://www.internationalrelations.house.gov/hearing_notice.asp?id=1055.

² "Drug traffickers routinely use firearms against each other and have used these weapons against the Mexican military, law enforcement officials, and Mexican civilians. Because firearms are not readily available in Mexico, drug traffickers have aggressively turned to the U.S. as their primary source. Firearms are routinely being transported from the U.S. into Mexico in violation of both U.S. and Mexican law. In fact, according to ATF's National Tracing Center, 90 percent of the weapons that could be traced were determined to have originated from various sources within the U.S.," Statement of William Hoover, Assistant Director for Field Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, United States Department of Justice and Anthony P. Placido, Assistant Administrator for Intelligence Division, Drug Enforcement Administration, United States Department of Justice Before the United States Senate Committee on the Judiciary, Subcommittee on Crime and Drugs, Concerning "Law Enforcement Response to Mexican Drug Cartels," March 17, 2009.

³ "Cartels in Mexico's drug war get guns from US," *The Associated Press*, January 27, 2009.

⁴ "Arizona Guns are Finding Way to Mexico Drug Lords," *The Arizona Republic*, May 25, 2007.

⁵ James Verini, "Arming the Drug Wars," *Conde Nast Portfolio.com*, <http://www.portfolio.com/news-markets/international-news/portfolio/2008/06/16/Examining-the-US-Mexico-Gun-Trade?page=3#page=3>, July 2008.

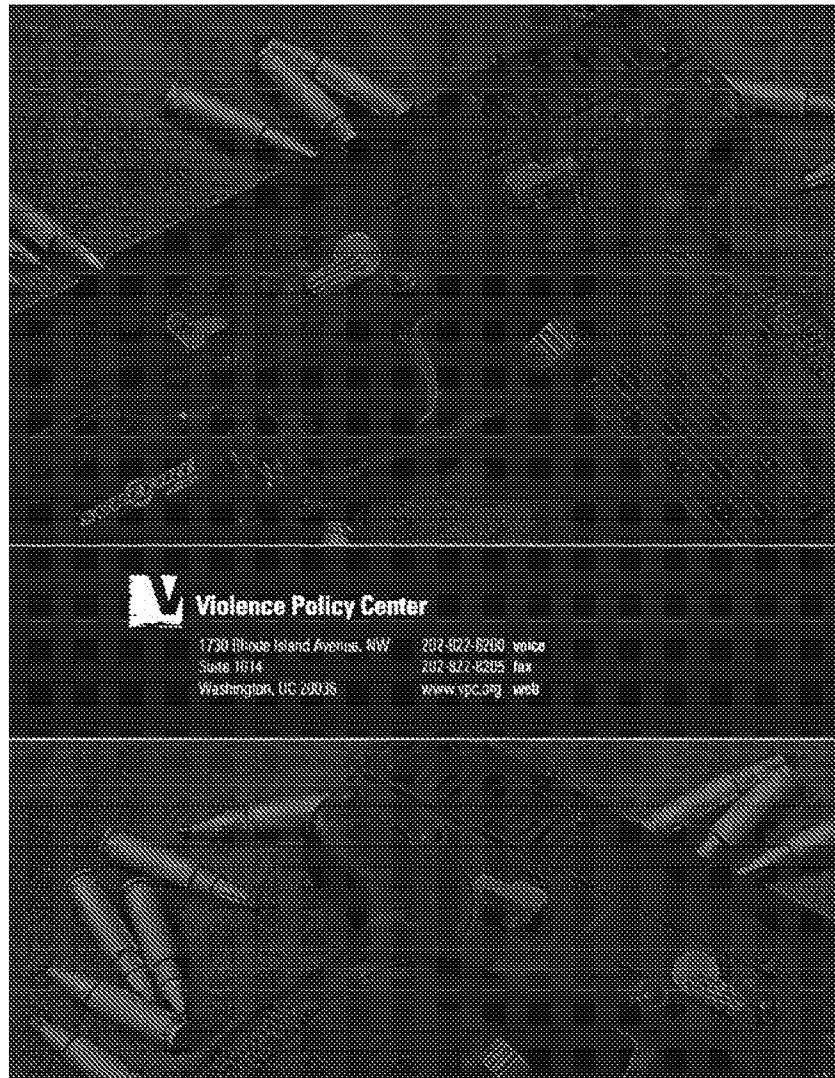
⁶ Testimony of William J. Hoover, Assistant Director, Office of Field Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice, Hearing of Western Hemisphere Subcommittee of the House Committee on Foreign Affairs on "U.S. Obligations Under the Merida Initiative," February 7, 2008.

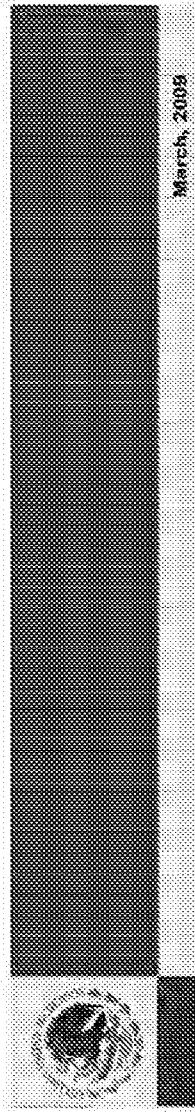
⁷ Wayne LaPierre, "Commentary: U.S. freedoms not to blame for Mexico's drug war," <http://edition.cnn.com/2009/WORLD/americas/03/26/lapierre.guns.mexico/>.

⁸ "Mexican border crisis: the barbarians are at the gate," <http://www.renewamerica.us/columns/zieve/090331>.

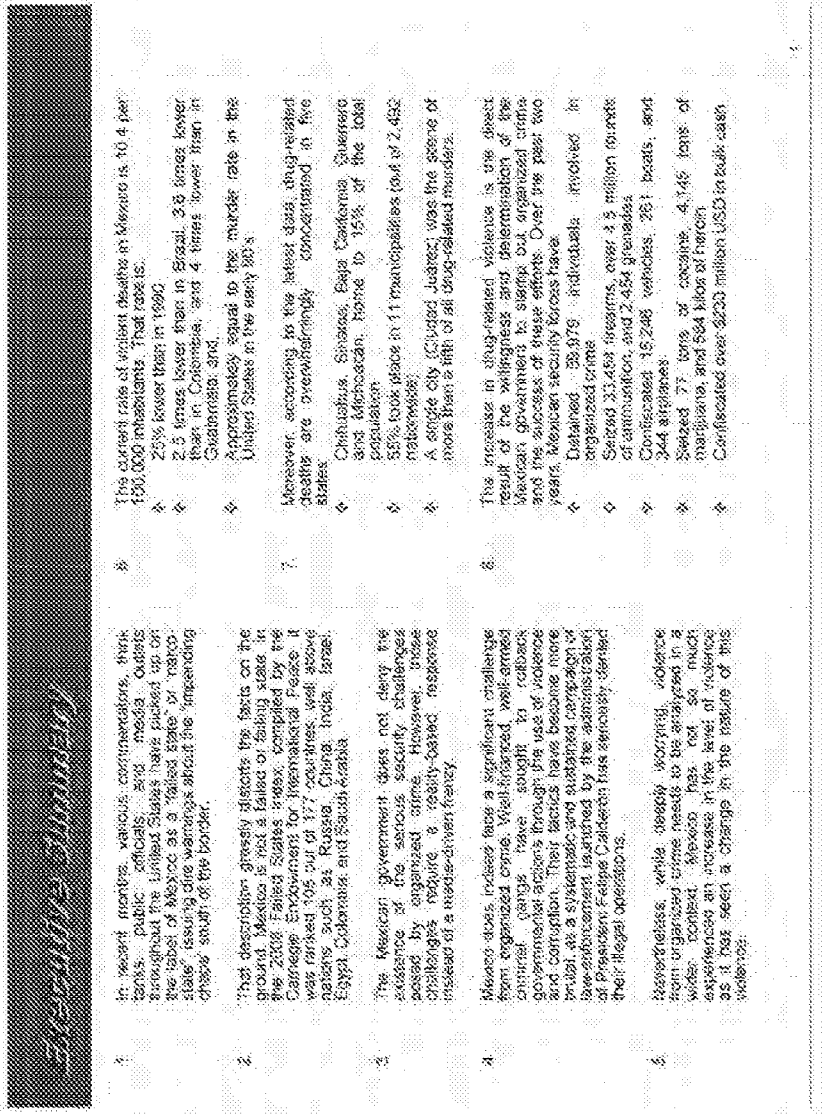
⁹ U.S. Immigration and Customs Enforcement news release, August 26, 2008.

¹⁰ Robert Arnold, "Quiet Life of Gun Smuggling," *Click2Houston.com*, February 18, 2009.



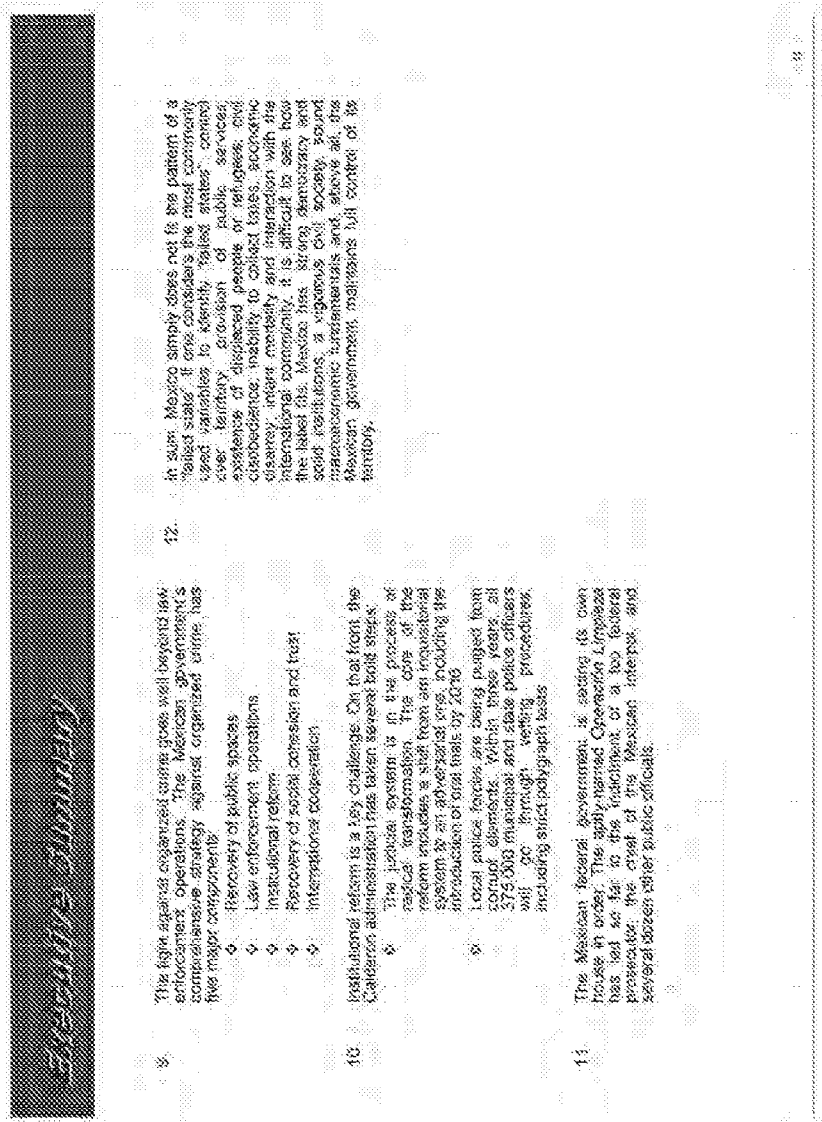


**MEXICO AND THE FIGHT AGAINST
DRUG-TRAFFICKING AND
ORGANIZED CRIME:
SETTING THE RECORD STRAIGHT**



EXCLUSIVE SUMMARY

1. In recent months, various commentators, think tanks, public officials, and media outlets throughout the United States have picked up on the label of Mexico as a "failed state" or "narco-state," issuing dire warnings about the impending chaos south of the border.
2. That description grossly distorts the facts on the ground. Mexico is not a failed or failing state in the 20th Century Failed States Index, compiled by the Carnegie Endowment for International Peace. It was ranked 95 out of 177 countries, well above nations such as Russia, China, India, Israel, Egypt, Colombia, and South Africa.
3. The Mexican government does not deny the existence of the serious security challenges posed by organized crime. However, those challenges require a reality-based response instead of a media-driven frenzy.
4. Mexico does indeed face a significant challenge from organized crime. Well-financed, well-armed criminal gangs have sought to robback government actions through the use of violence and corruption. Their tactics have become more brutal as a systematic and sustained campaign of law enforcement launched by the administration of President Felipe Calderon has seriously dented their illegal operations.
5. Nevertheless, while deeply worrying, violence from organized crime needs to be analyzed in a wider context. Mexico has not so much experienced an increase in the level of violence as it has seen a change in the nature of this violence.
 - ◆ The current rate of violent deaths in Mexico is 10.4 per 100,000 inhabitants. That rate is:
 - ◆ 25% lower than in 1990;
 - ◆ 2.5 times lower than in Brazil, 3.8 times lower than in Colombia, and 4 times lower than in Guatemala; and,
 - ◆ Approximately equal to the murder rate in the United States in the early 80's.
 - ◆ Moreover, according to the latest data, drug-related deaths are overwhelmingly concentrated in five states: Chihuahua, Sinaloa, Baja California Sur, Guerrero, and Michoacan, home to 15% of the total population.
 - ◆ 55% took place in 11 municipalities (out of 2,452 municipalities).
 - ◆ A single city (Ciudad Juarez) was the scene of more than a fifth of all drug-related murders.
6. The increase in drug-related violence is the direct result of the willingness and determination of the Mexican government to engage in organized crime and the success of these efforts. Over the past two years, Mexican security forces have:
 - ◆ Detained 39,979 individuals involved in organized crime;
 - ◆ Seized 3,249 firearms, over 4.5 million rounds of ammunition, and 2,454 grenades;
 - ◆ Confiscated 15,246 vehicles, 261 boats, and 344 airplanes;
 - ◆ Seized 77 tons of cocaine, 4,145 tons of marijuana, and \$64 billion of heroin;
 - ◆ Confiscated over \$200 million USD in bulk cash.



in sum, Mexico simply does not fit the pattern of a "failed state" if one considers the most commonly used variables to identify "failed states": central government monopoly of violence, absence of a monopoly of violence, existence of dispersed pockets of violence, and citizenship mobility to collect taxes, especially in border areas. In sum, it is difficult to see how the idea of Mexico fits. Strong democracy and social institutions, a vibrant civil society, sound macroeconomic fundamentals and, above all, the Mexican government maintains full control of its territory.

12.

The fight against organized crime goes well beyond law enforcement operations. The Mexican government's comprehensive strategy against organized crime has five major components:

- ◆ Renewal of public spaces
- ◆ Law enforcement operations
- ◆ Institutional reform
- ◆ Recovery of social cohesion and trust
- ◆ International cooperation

13.

Institutional reform is a key challenge. On that front, the Mexican administration has taken several bold steps:

- ◆ The judicial system is in the process of radical transformation. The core of the reform includes a shift from an inquisitorial system to an adversarial one, including the introduction of oral trials by 2016.
- ◆ Local police forces are being pulled from corrupt elements. Within three years, all 375,000 municipal and state police officers will go through vetting procedures, including strict background checks.

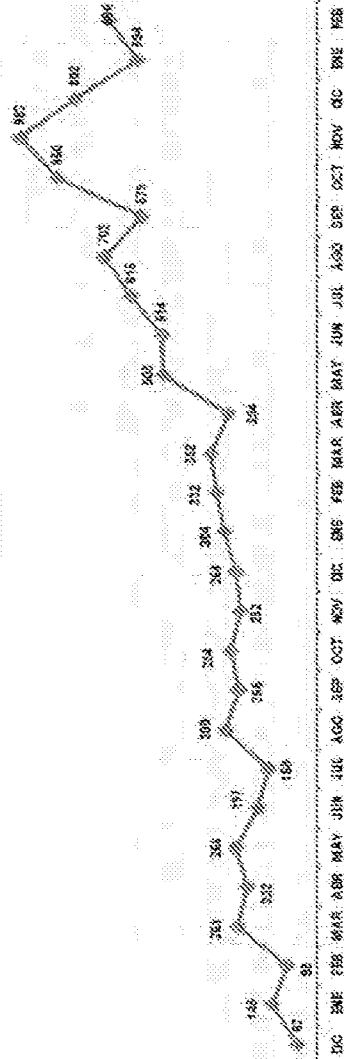
14.

The Mexican federal government is setting its own house in order. The appointed Commission Limpeza has led so far to the indictment of a top federal prosecutor, the chief of the Mexican intelligence and several dozen other public officials.

Public Security in Context

The increase in drug-related murders is a response of drug-trafficking organizations (DTO's) to government pressure and the inability to deliver narcotics to the consumer market in the U.S. It is a process similar to the killing spree suffered by the United States during the crack epidemic and subsequent police clampdown of the 80's and 90's.

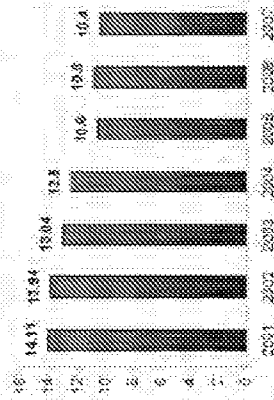
MURDERS DECEMBER 2008-FEBRUARY 25, 2009
Total: 10,902



Public Security in Context

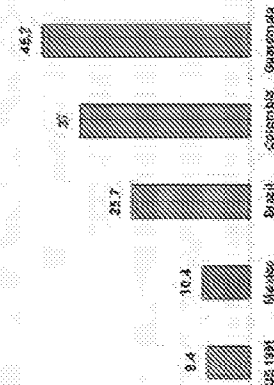
In spite of the recent spike in drug-related murders, the general murder rate in Mexico has been on a downward trend, and remains significantly below regional standards comparable to the rate registered in the U.S. in the early 80s.

MEXICO: MURDER RATE, 2001-2007
(murders per 100,000 inhabitants)



Source: National Institute for Statistics and Geography (INEGI)

MURDER RATE FOR SELECTED COUNTRIES, 2007
(murders per 100,000 inhabitants)

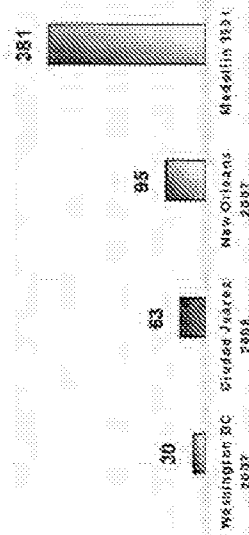


Source: United Nations, FBI, Mexican Governmental sources

Public Security in Context

Even Ciudad Juárez, the hardest hit city, has a murder rate that is more or less in line with that of crime-ridden cities in the United States, and is, for example, six times lower than the level registered in Medellín, Colombia, during the Pablo Escobar era.

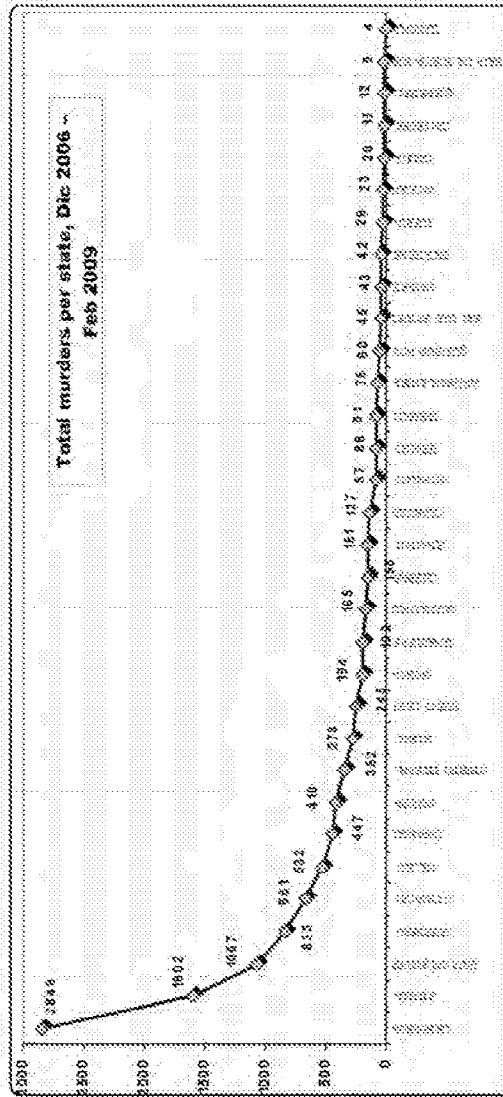
MURDER RATE, SELECTED CITIES
(murders per 100,000 inhabitants)



Source: United Nations, FBI, Mexico
Governmental sources

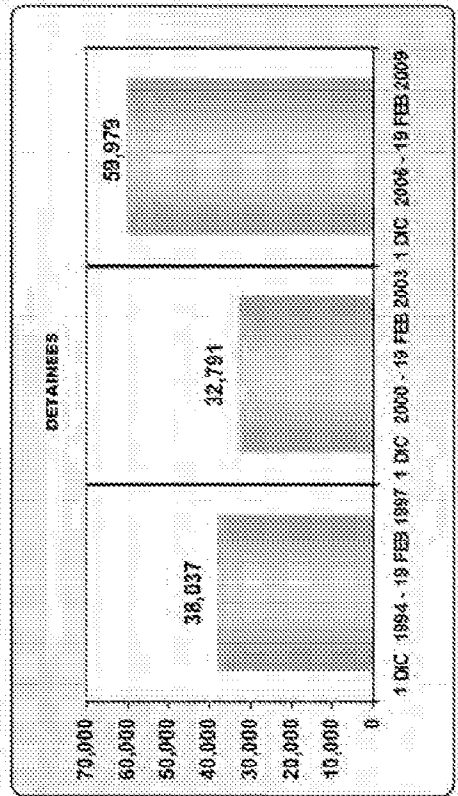
Public Security in Context

Moreover, drug-related violence is heavily concentrated in three northern and two southwestern states, representing 64% of the total. Chihuahua, Baja California, Sinaloa, Guerrero and Michoacán. These states are home to 15.25% of the Mexican population. The most violent state (Chihuahua) has seen 700 times more drug-related murders than the least violent state (Tlaxcala).



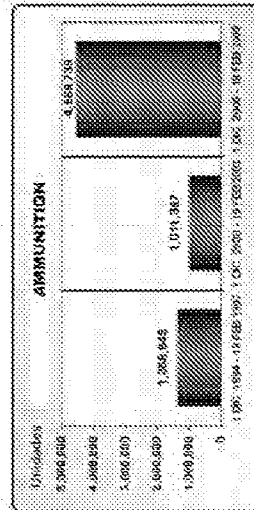
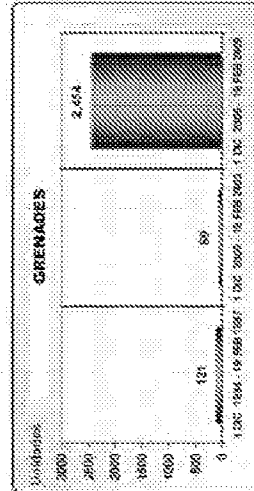
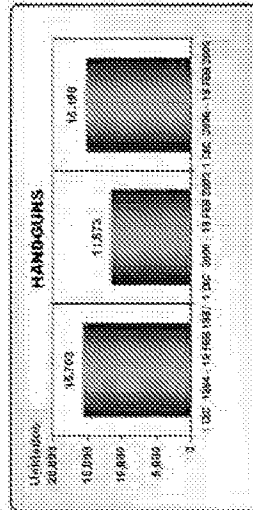
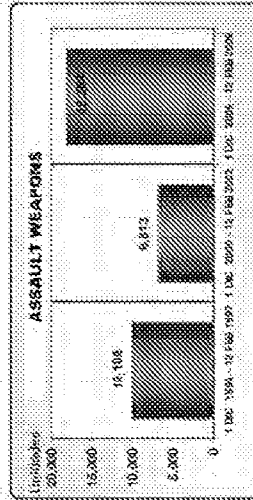
PROGRESS REPORT

The fight against organized crime is producing tangible results. Since December 2000, Mexican security forces have detained 59,979 individuals linked to DTO's, roughly equivalent to the size of all Central American armed forces and almost twice as many as those detained by the previous administration in a comparable period of time.



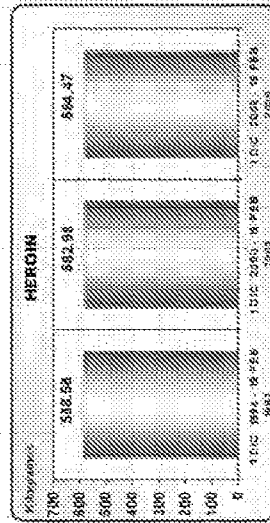
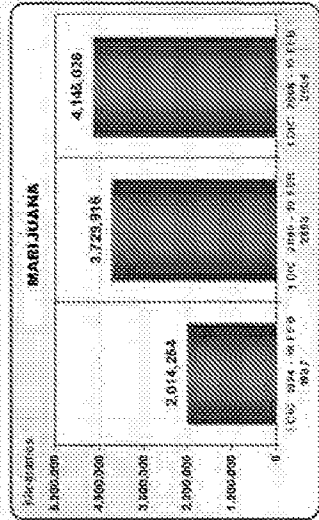
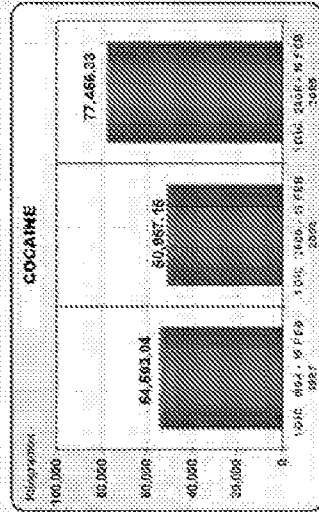
Progress Report

In two years, 33,454 firearms have been seized, 82% more than in the comparable period of the two previous administrations. That arsenal is roughly four times the number of weapons confiscated from the Revolutionary Armed Forces of Colombia (FARC) in 2005.



Progress Report

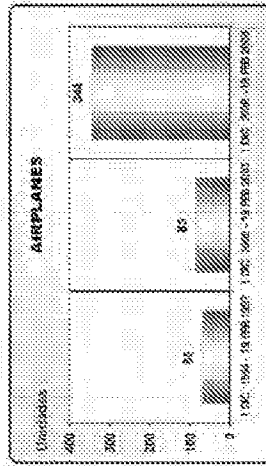
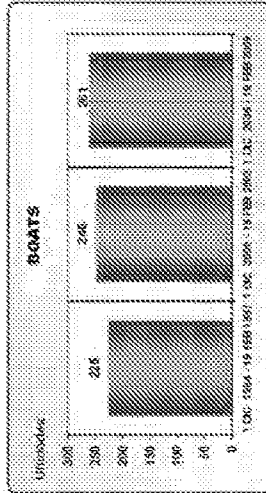
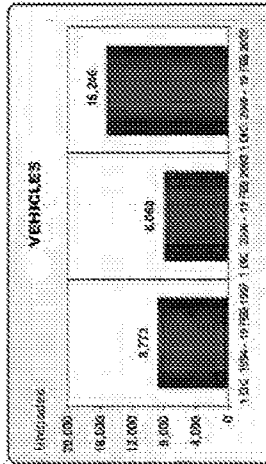
Drug seizures are at an all-time high. Cocaine seizures are 50% above the levels of the two previous administrations.



By seizing 77 metric tons of cocaine, the Mexican government prevented 231 million personal doses from reaching consumers.

Progress Report

Mexico is dismantling the command, control and intelligence structures of criminal gangs. Aircraft seizures have increased 314%, car seizures, 89%, and boat seizures, 5%.

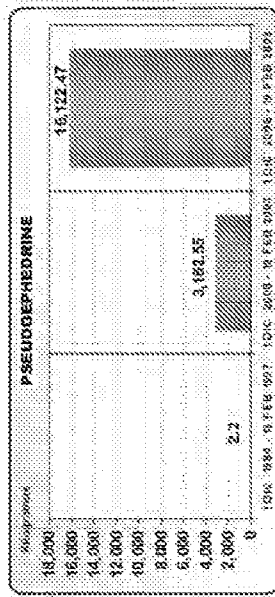
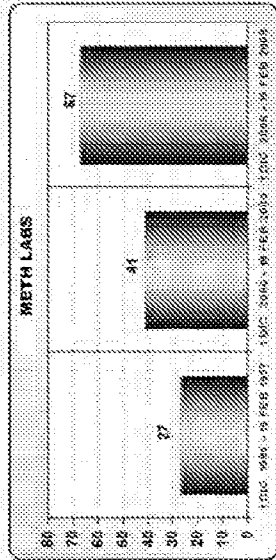


The number of confiscated boats is equivalent to twice the size of the fleet of the Mexican Navy.

The number of airplanes seized is equivalent to 52% of American Airlines' fleet and 76% of Delta's fleet.

Progress Report

The clampdown on synthetic drugs is equally impressive. In two years, 67 labs have been closed down, 63% more than during the same period of the past administration.

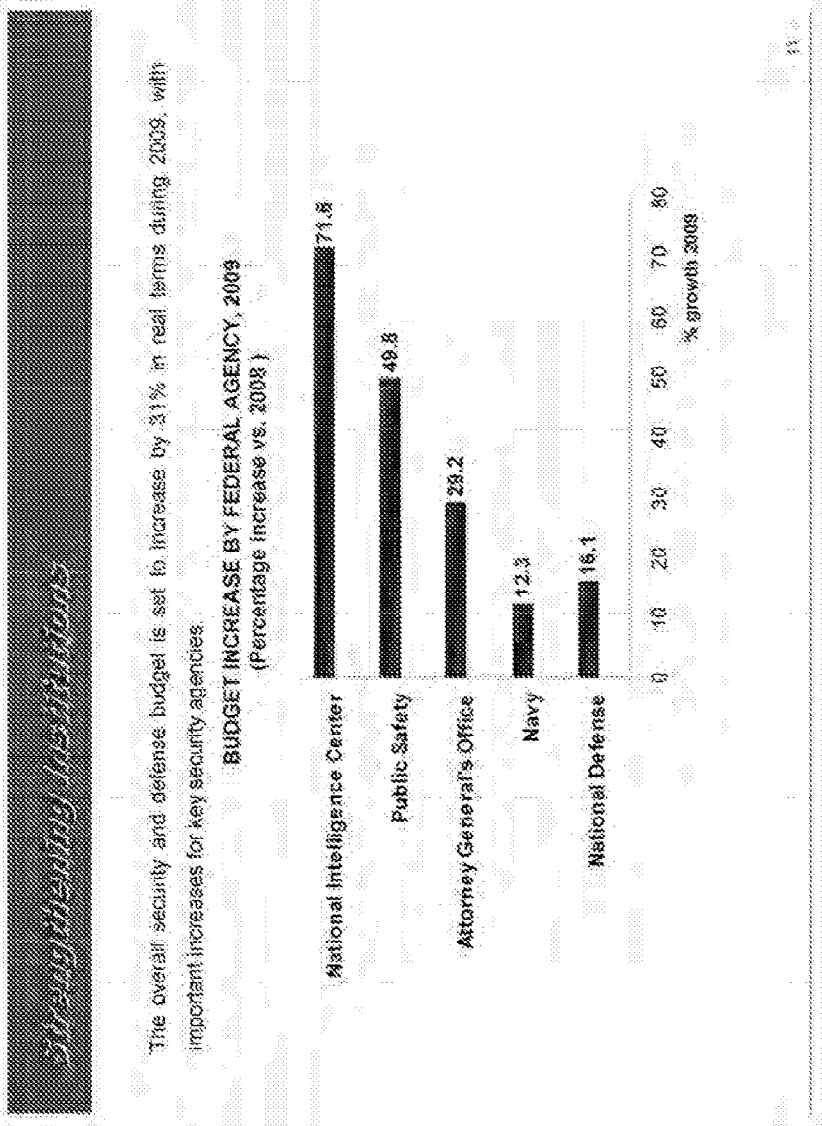


Over 16 tons of pseudoephedrine have been seized, a 410% increase compared to previous administration.

Strengthening Institutions

The Mexican government has also initiated a major institutional reform effort. Some of its key components include the following:

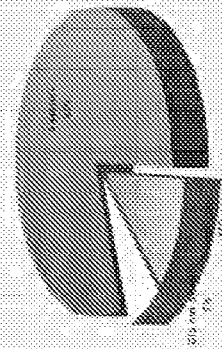
1. **A radical reform of the judicial system:** by 2010, all criminal trials will be held following oral, transparent, evidence-based procedures.
2. **A large-scale purge of police forces at all levels (federal, state, and local):** by 2012, all police officers of every single department will have gone through a rigorous vetting process, including polygraph tests.
3. **A major technological leap:** beginning in 2008, every police department will be connected to a secure communications network and will be able to access national databases with information on fingerprints, vehicles, and firearms.
4. **An improvement in interagency coordination:** as a result of recently approved legal reforms, security agencies at the local, state, and federal levels will be able to share information in a more fluid and less cumbersome manner.
5. **Creation of a fusion center (interagency information exchange)** that will produce actionable strategic and tactical intelligence against organized crime.



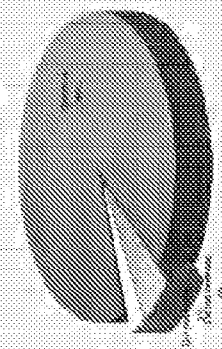
Gaining Social Trust

A large majority of Mexicans support the fight against organized crime. In particular, there is widespread support for the presence of the armed forces in states where there are ongoing operations against criminal gangs.

Do you approve the actions taken by the federal government against drug-trafficking?



Should the Mexican Armed Forces continue supporting the fight against drug-trafficking or not?



Source: El Universal - 2008

RANKING, 2008 FAILED STATES INDEX	
Selected countries	Country
Rank	
1	Somalia
2	Sudan
3	Zimbabwe
4	Chad
5	Iraq
6	D. R. Congo
7	Afghanistan
8	Cote d'Ivoire
9	Pakistan
10	Central African Republic
37	Colombia
42	Egypt
48	Iran
53	Israel
66	Guatemala
72	China
68	Russia
79	Venezuela
84	Saudi Arabia
98	India
105	Mexico
117	Brazil

Source: Foreign Policy

Mexico ranked 105 out of 177 countries in the 2008 Failed States Index, produced by Fund for Peace and Foreign Policy magazine.

Mexico was seen as less likely to fail than countries such as Colombia, China, India, Israel, Egypt, Venezuela, Saudi Arabia and Russia.

Mexico has a relatively low risk profile. It has:

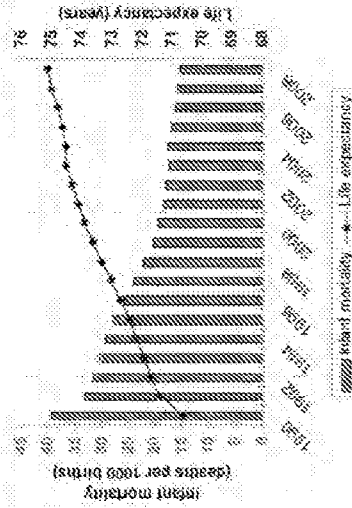
- No significant ethnic conflicts
- No separatist movements
- No territorial disputes with neighboring countries
- No risk of a military coup (the last successful military rebellion was in 1920)
- No known presence of terrorist organizations
- Only a small and extremely limited guerrilla movement
- Full control of its territory

Failed States?

By all significant measures, Mexico has a functioning state. It does face major challenges in many issue areas, but the Mexican government has a clear and firm commitment to address them

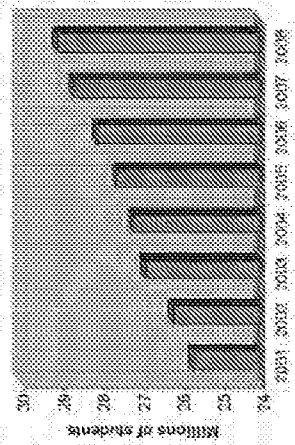
Mexico provides public education to almost 30 million people, ... and has experienced a steady improvement in health indicators.

MEXICO: HEALTH INDICATORS



Source: INEGI

MEXICO: PUBLIC EDUCATION ENROLLMENT (millions of students)



Source: Ministry of Education

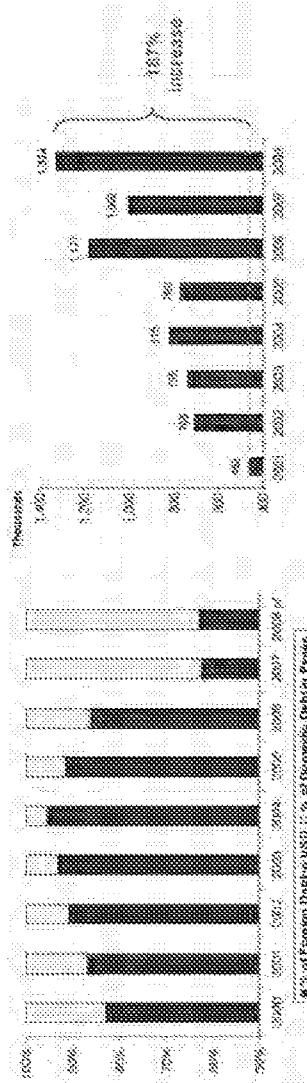


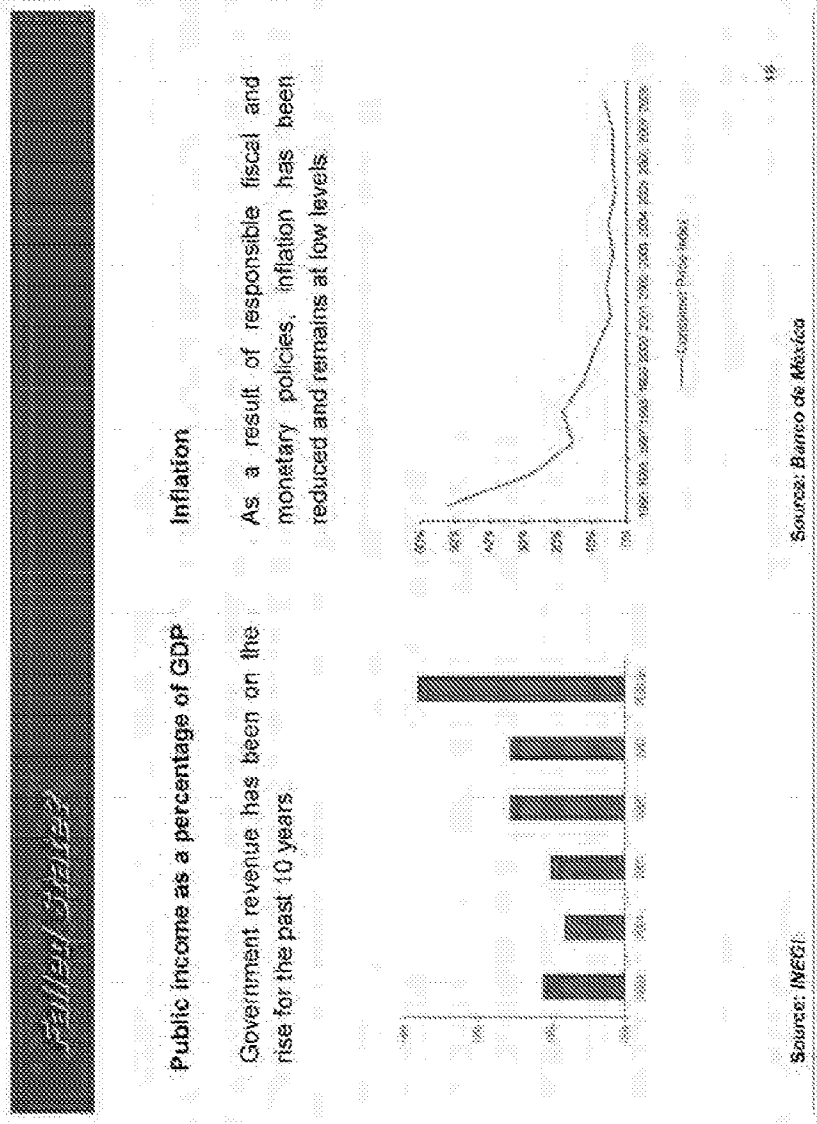
Public Debt

The composition of Mexico's public debt has changed drastically in just six years. In 2004 more than 25% of it was denominated in dollars, and by 2008 only 6.3% was dollar-denominated. This reduces the effect of exchange rate swings on Mexico's public finances and adds to the confidence that both national and foreign investors have in the peso. In fact, in 2008 the Government successfully issued a 62 year bond denominated in pesos.

Mortgage loans

Financial institutions in Mexico are well capitalized and regulated, and years not involved in the acquisition of so-called toxic assets. The number of mortgage loans increased by 127% between 2001 and 2008. This confirms confidence by both lenders and borrowers, who have a long-term positive outlook for Mexico's economic future. It is also evidence of a burgeoning middle class that partners for the first time in a generation has been able to get a mortgage loan, thanks to macroeconomic stability.





5/5/2009

ATF takes aim at deep 'Iron river of g...



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ATF takes aim at deep 'Iron river of guns'

By Kevin Johnson, USA TODAY

Guns recovered in some of the largest recent weapons seizures in Mexico are being traced deep into the United States — miles from the volatile border — revealing an expanding trafficking network that feeds Mexico's violent drug cartels, according to government documents and U.S. investigators.

Bureau of Alcohol, Tobacco, Firearms and Explosives records show 90% of the weapons recovered and traced originate from a growing number of sources spanning from the Northwest to New England. The trafficking routes have created what Sen. Dick Durbin, D-Ill., described earlier this week as an "iron river of guns" flowing to the warring cartels, contributing to about 7,000 deaths in the past 14 months.

2,000 weapons a day

Some of the strongest recent evidence of the cartels' expanding gun pipeline:

- Four months after the largest weapons seizure in Mexican history, U.S. investigators have traced 363 of the more than 400 weapons seized from a stash house in Reynosa, Mexico, to 11 states including Ohio, South Carolina, Virginia, Florida, Michigan and Connecticut, according to ATF records.
- Nearly a year after a gunbattle left 13 dead in Tijuana, the seizure of 60 guns has prompted probes in Seattle, San Francisco, Philadelphia and Denver.
- The guns, many of them high-powered assault rifles, are streaming across the border at such a pace that some are being recovered in Mexico within days after their purchase in the U.S., according to ATF records.

One of the weapons in the Reynosa investigation — a 9mm handgun — was recovered 11 days after its purchase in the Houston area.

"Every time we open one of these cases, we are learning something new," said William Hoover of the ATF. The Reynosa seizure has spawned 25 to 30 ongoing trafficking investigations across the USA, he said.

Escalating violence in the battle to control the lucrative drug trade in Mexico has increased the demand for weapons, while the cost for firearms along the U.S. side of the border has soared, Hoover said. Those market forces drive traffickers far into the interior of the United States in search of new and cheaper supplies of firearms.

Denise Dresser, a political science professor at Mexico's Autonomous Institute of Technology, told a Senate panel Tuesday that up to 2,000 weapons per day flow into Mexico from the United States.

Many of the guns recovered in Mexico also are much more quickly used in crimes than is typical in U.S.-based gun investigations.

In the Reynosa seizure, U.S. investigators are focusing on about 120 weapons in which the time of a gun purchase to the time of recovery in a crime is half of the 10-year U.S. average. This includes newly purchased handguns and assault rifles, Hoover said.

"There is no doubt about it that the (drug-trafficking organizations) need firearms," he said. "Everybody knows the fight is on; everybody knows the pressure is being applied along the border."

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1/2

5/3/2009

ATF takes aim at deep 'Iron river' of g...

Lawmakers join fight

That pressure, the ATF official says, is driving up gun prices in border states.

In Texas, for example, a used .45-caliber handgun may sell for about \$750. North of the U.S. border states, Hoover says, the same gun may cost \$350.

Within the past six months, Hoover says, a federal investigation revealed that traffickers were paying a flat fee of about \$1,000 per gun, regardless of the type, to keep the flow of weapons moving.

Fearing increased spillover violence on the U.S. side of the border, federal lawmakers from border states, including Reps. Ciro Rodríguez, D-Texas, and Harry Teague, D-N.M., on Wednesday introduced legislation that would provide \$379 million in law enforcement aid aimed in part at slowing the gun-smuggling trade.


The proposal includes a plan to inspect vehicles traveling into Mexico from the United States.

It also includes \$30 million for the ATF to expand its gun-smuggling investigations along the Southwestern border.

"The funding in this bill provides law enforcement with additional resources to aggressively go after the illegal gun smuggling that has fueled much of the violence along the border," Teague says.

Find this article at:

http://www.usatoday.com/news/sinaton/2009-03-18-cartelguns_N.htm

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U.S. OBLIGATIONS UNDER THE MERIDA INITIATIVE

HEARING
BEFORE THE
SUBCOMMITTEE ON
THE WESTERN HEMISPHERE
OF THE
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
ONE HUNDRED TENTH CONGRESS
SECOND SESSION

FEBRUARY 7, 2008

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U.S. OBLIGATIONS UNDER THE MERIDA INITIATIVE

THURSDAY, FEBRUARY 7, 2008

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON THE WESTERN HEMISPHERE,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:20 a.m. in room 2212, Rayburn House Office Building, Hon. Eliot L. Engel, (chairman of the subcommittee) presiding.

Mr. ENGEL. The subcommittee will come to order. It is my pleasure to welcome everyone to today's hearing on the U.S. obligations under the Merida Initiative.

As always, it is an honor and a privilege to have Assistant Secretary of Western Hemisphere Affairs Tom Shannon here with us. I just traveled with Tom to Colombia a couple of weeks ago.

And I must recognize the presence of my very good friend, Marisa Lino, who I know as the former U.S. Ambassador to Albania, but who comes before us today as Assistant Secretary for International Affairs at Homeland Security.

As you may know, the Merida Initiative got off to a rocky start in Congress. As I mentioned at previous hearings, members were not consulted or briefed on the package before it was sent up, even after several requests. This was not the way to kick off such an important effort to combat drug trafficking and drug-related violence in Mexico and Central America.

Nevertheless, the Merida Initiative is very important. The United States interagency counternarcotics community estimates that 90 percent of the cocaine that went from South America to the United States transited through Mexico and Central America in 2004 and 2005, and drug-related violence has left more than 4,000 Mexicans dead in the last 2 years

No one can deny the severity of this problem. Something must be done, and as a country that consumes most of the drugs coming from Mexico and sends most of the guns to Mexico, the United States I believe has a moral responsibility to help.

The Foreign Affairs Committee has held two hearings on the Merida Initiative already, one in this subcommittee on October 25, 2007, and one in the full committee on November 14, 2007. Those hearings focused on the narcotrafficking problem in Mexico and Central America and how the Merida Initiative will help the countries involved respond to the growing problem.

As I said during those hearings, I believe it is critical for the United States to assist Mexico and Central America in combating

the drug cartels operating throughout the region and poisoning our youth. Too many people have already died, too many lives have been disrupted, and too many young people have been captured in a dangerous cycle of drugs and crime for us to sit back and do nothing.

But it is simply too easy to say the problem is over there and that we can just send some money and helicopters to a few foreign countries and keep the narcotrafficking scourge outside our borders. If only we could just train enough Mexican police, put enough high tech scanners at ports of entry in Central America or throw up a big fence on our southwest border, we will be safe from the violence and all of our kids will simply just say no to drugs.

I don't believe that, and of course this isn't true. Drugs, drug violence and the lives destroyed by illegal drugs are right here in the United States. We have tried for years with the Andean Counter-narcotics Initiative to staunch the flow of cocaine to the United States and have provided more than \$5 billion to Colombia from Fiscal Year 2000 through Fiscal Year 2007, and still virtually the same amount of drugs is reaching the United States.

The problem, my friends, is here too. As long as there is demand for illegal narcotics in the United States, suppliers will sell their cocaine and heroin and other drugs on our streets, and as long as the narcotraffickers are armed with guns from the United States the brutal violence of the drug gangs will continue unabated. So I believe very strongly we have to fight the scourge here at home just as we help our partners to the south address the problem in their countries.

This is my concern with the Merida Initiative and why we are holding this hearing today. We will spend more than \$1 billion on security assistance for Mexico and Central America over the next 2 years, but it is not clear that we are stepping up our efforts in the United States so we can cement the gains the Merida Initiative is designed to achieve abroad.

The State Department's stated commitment, however, has been strong. Secretary Shannon, in your testimony before the Foreign Affairs Committee in November you said, and I am quoting you:

"We are working domestically to enhance our efforts against the trafficking of drugs, arms, money and humans, as well as to reduce the demand for drugs within the United States."

So we are here today to follow up on Secretary Shannon's statement. We want to know what specifically the U.S. Government is doing to live up to our side of the Merida bargain by reducing the demand for drugs and fighting gun running here at home.

Agents from the Bureau of Alcohol, Tobacco and Firearms have told Congress of an iron river of guns with thousands of weapons per week crossing our border into Mexico from the United States. The Christian Science Monitor reported in a July 2007 editorial that more than 90 percent of the guns confiscated yearly in Mexico originate in the United States.

Let me repeat that. More than 90 percent of the guns confiscated yearly in Mexico originate in the United States, and approximately 40 percent of the total trafficked weapons are linked to drug trafficking organizations.

I was also very disturbed to recently hear an allegation that heavy duty weaponry has been stolen from the Department of Defense facilities and National Guard armories and then trafficked into Mexico. This is a very serious charge, and I hope to learn more about it in today's hearing.

U.S. gun laws, whether you agree with them or not, are quite permissive when they come to sales of firearms at gun shows and other outlets. Unless ATF has specific information that someone is actually breaking the law, meaning carrying the weapons into Mexico, it seems ATF can do very little. I would like to know if that is true or whether our investigative rules and techniques allow ATF agents to aggressively investigate gun running.

Along the 2,000-mile border from Brownsville, Texas, to San Diego, California, there are 6,700 licensed gun sellers, but only 100 ATF special agents to investigate allegations of weapons trafficking and only 35 inspectors to ensure compliance with U.S. laws. Honestly, I am not sure our staffing levels are up to the challenge.

On January 16, ATF announced that it will add 25 special agents and 15 inspectors to their Project Gunrunner along the southwest border, and the ATF budget request for Fiscal Year 2009 includes another 12 inspectors. These are steps forward to meet our responsibility to fight gun trafficking, but is it enough? Some more must be done.

I am, therefore, pleased to announce that Ranking Member Burton and I and other members of the subcommittee are sending a letter to the Government Accountability Office today requesting a detailed report on United States firearms trafficking into Mexico. I might add that I am pleased to work closely with Mr. Burton as ranking member as I did with him when he was chairman and I was ranking member.

Internationally, the United States has signed the InterAmerican Convention on Arms Trafficking, and I would like to know whether we are in compliance with this treaty and whether the State Department intends to ask the Senate to ratify it. Ambassador Shannon, I hope you can address this, as well as your sense of what Mexico and countries in Central America expect us to do here in the United States under the Merida Initiative.

Other than staunching the flow of weapons, it is my impression that our friends to the south hope we will take greater action to reduce demand for drugs on our streets. As Mexican President Felipe Calderón said during President Bush's March 2007 visit to Mexico:

“While there is no reduction for demand in your territory, it will be very difficult to reduce the supply in ours.”

When drug traffickers in Mexico and Central America, not to mention Colombia and elsewhere, look at the United States they see a giant market, a place to sell their illegal drugs. If we are really serious about reducing the amount of drugs on our streets and in the hands of our Nation's young people then I believe we must aggressively step up our efforts to diminish the demand for drugs.

I was pleased the joint United States-Mexico statement on the Merida Initiative noted that “the U.S. will intensify its efforts to

address all aspects of drug trafficking, including demand-related portions.”

Our funding for drug prevention and treatment programs, however, has been steadily declining since Fiscal Year 2005. In fact, the prevention budget gets whacked by another \$73 million in the President’s just-released Fiscal Year 2009 budget. As far as I am concerned, this is unacceptable.

Why are we cutting demand-side spending at a time when we have promised the Mexican Government to intensify our efforts on the demand side of the drug war? This is absolutely shocking to me and is no way to show our commitment to our partners in Mexico, Central America and elsewhere who are combating narco-traffickers on a daily basis.

Finally, I would be remiss not to mention that our commitment to Mexico and Central America should also mean stepping up our efforts to curb the flow of bulk cash transfers and the smuggling of chemical precursors for drugs such as methamphetamines—I can’t pronounce it, but I will say any kind of drugs—into these countries.

We have a full battery of witnesses from across the government today representing the Department of Homeland Security, the Bureau of Alcohol, Tobacco and Firearms, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Office of National Drug Control Policy and of course the State Department.

I look forward to hearing what each of these agencies is doing to make the Merida Initiative a success by addressing the parts of the transnational drug and violence problem which exist here in the United States.

[The prepared statement of Mr. Engel follows:]

PREPARED STATEMENT OF THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

A quorum being present, the Subcommittee on the Western Hemisphere will come to order.

It is my pleasure to welcome you to today’s hearing on U.S. obligations under the Merida Initiative. As always, it is an honor and a privilege to have Assistant Secretary of Western Hemisphere Affairs Tom Shannon here with us. And, I must recognize the presence of my very good friend, Marisa Lino, who I know as the former U.S. Ambassador to Albania, but who comes before us today as Assistant Secretary for International Affairs at Homeland Security.

As you may know, the Merida Initiative got off to a rocky start in Congress. Members were not consulted or briefed on the package before it was sent up, even after several requests. This was not the way to kick off such an important effort to combat drug trafficking and drug-related violence in Mexico and Central America.

Nevertheless, the Merida Initiative is very important. The U.S. inter-agency counter-narcotics community estimates that 90% of the cocaine that went from South America to the United States transited through Mexico and Central America in 2004 and 2005. And, drug-related violence has left more than 4,000 Mexicans dead in the last two years. No one can deny the severity of this problem. Something must be done and, as a country that consumes most of the drugs coming from Mexico and sends most of the guns to Mexico, the United States has a moral responsibility to help.

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As I said during those hearings, I believe it is critical for the U.S. to assist Mexico and Central America in combating the drug cartels operating throughout the region

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But, it's simply too easy to say the problem is "over there," and that we can just send some money and helicopters to a few foreign countries and keep the narco-trafficking scourge outside our borders. If only we could just train enough Mexican police, put enough high tech scanners at ports of entry in Central America, or throw up a big fence on our Southwest border, we'll be safe from the violence and all of our kids will simply just say no to drugs.

Of course this isn't true. Drugs, drug violence, and the lives destroyed by illegal drugs are right here in the United States. We have tried for years with the Andean Counter-Narcotics Initiative to staunch the flow of cocaine to the United States and have provided more than \$5 billion to Colombia from FY2000 through FY2007—and still virtually the same amount of drugs is reaching the United States.

The problem, my friends, is *here*, too. As long as there is demand for illegal narcotics in the United States, suppliers will sell their cocaine, methamphetamine, and heroin on our streets. And, as long as the narco-traffickers are armed with guns from the United States, the brutal violence of the drug gangs will continue unabated. So, we have to fight the scourge here at home just as we help our partners to the South address the problem in their countries.

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Internationally, the United States has signed the Inter American Convention on Arms Trafficking. I would like to know whether we are in compliance with this treaty and whether the State Department intends to ask the Senate to ratify it. Ambassador Shannon, I hope you can address this, as well as your sense of what Mexico

and countries in Central America expect us to do here in the United States under the Merida Initiative.

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Why are we cutting demand-side spending at a time when we have promised the Mexican government to "intensify" our efforts on the demand side of the drug war? This is absolutely shocking to me and is no way to show our commitment to our partners in Mexico, Central America, and elsewhere who are combating narco-traffickers on a daily basis.

Finally, I would be remiss not to mention that our commitment to Mexico and Central America should also mean stepping up our efforts to curb the flow of bulk cash transfers and the smuggling of chemical precursors for drugs such as methamphetamines into these countries.

We have a full battery of witnesses from across the government today, representing the Department of Homeland Security, the Bureau of Alcohol Tobacco and Firearms, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Office of National Drug Control Policy, and, of course, the State Department. I look forward to hearing what each of these agencies is doing to make the Merida Initiative a success by addressing the parts of the transnational drug and violence problem which exist here in the United States.

I am now pleased to call on Ranking Member Burton for his opening statement.

Mr. ENGEL. I am now pleased to call on Mr. Burton for his opening statement.

Mr. BURTON. Thank you, Mr. Chairman. I am not going to make a lengthy opening statement. We are running a little behind schedule. I would like to submit my statement for the record.

I would just like to say that for a long, long time you and I and others have been very concerned about the illegal immigration and the amount of drugs that are coming across the border, the Mexican troops and police that have from time to time allegedly been seen in the United States assisting in the drug trafficking and the illegal immigration.

These are things we are all concerned about. I am very interested in hearing what the administration has to say about the Merida Initiative so I am not going to speak too long. I will just submit my statement for the record.

I would like to, however, ask unanimous consent that Ranking Member Ileana Ros-Lehtinen's January 3 letter to the administration be a part of the record.

Mr. ENGEL. Without objection. So moved.

Mr. BURTON. Thank you, Mr. Chairman.

[The prepared statement of Mr. Burton follows:]

PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF INDIANA

I am pleased that the Chairman has called this second hearing to further examine the Administration's Merida Initiative to help Mexico and Central America tackle

our shared problems with illicit drugs and organized crime. With Mexican cartels alone earning roughly 13.8 billion dollars annually from illicit drug sales, the problem is obvious. The solution, I fervently hope, is the Merida Initiative.

Mexico, Central America and the United States have a joint responsibility to resolve this common and difficult challenge. Important suggestions have been made over the past few months to strengthen the current plan. For example, some have called for more assistance for Central America; and it is my understanding that an increase in funding efforts to fight drugs in Central American nations will occur in time. Even with the improvements, not all parties are content with the plan, including myself. I would personally like to see the plan focus more attention on immigration on our southern border. I believe tackling the illicit drug trafficking and organized crime elements along our southern border by improving security and restoring the rule of law can significantly help to stabilize the current and very unsatisfactory illegal immigration crisis in this country. I am interested in hearing my colleague's thoughts and suggestions for changes or improvements to the current plan. To that end, I respectfully ask Unanimous Consent to include Full Committee Ranking Member Ileana Ros-Lehtinen's January 3rd letter to the Administration recommending certain changes to the Merida Initiative be made part of the official hearing record.

Despite some reservations about the Initiative, I believe that we must move forward now rather than wait for the perfect plan. We have seen the impact of Mexico's recent and impressive action to disrupt elements of the intricate drug networks through direct confrontation. That experience tells us that timing is of the essence. The Calderón government in Mexico has turned to us for help, giving us an historic opportunity. Together we are already making major progress with extraditions of Mexican nationals to the U.S. and massive, unprecedented seizures of illicit drugs and cash, once undreamed of just a few short years ago.

We should not lose the momentum. It is time for this Congress to provide the emergency funds requested by the Administration for this initiative. We need to send a clear and unambiguous message not only to the drug dealers that we will find and stop you, but to our Mexican and Central America friends, that we are in this struggle together, and we will help bolster their efforts to fight the deeply rooted gangs and drug cartels. It is time to put up or shut up, and I hope today's hearing contributes to that effort.

I would like to thank our all of our witnesses for being here today, and I look forward to hearing their views of how to pursue the most effective policies to finally bring an end to the deadly drug trade.

Mr. ENGEL. Would anyone else like to give an opening statement? Mr. Sires?

Mr. SIRES. Yes. I would just like to thank you for holding this very important meeting. This is the third meeting on this issue.

The Merida Initiative is certainly something that is very important, but I am concerned that Congress was not consulted when this package was put together, but I am more concerned that the money that we sent goes to the right places.

I would hate to see this effort just go to the upper echelon. I think we have to find a way to funnel some of that money to the local individuals who are the eyes and ears and are dealing with this on a daily basis.

I am also very concerned that the initiative that we do, especially in Mexico, is not going to be enough on the other countries and the drug dealers are just going to move from one place to another, so I have some concerns about this whole Merida Initiative, and I just thank the chairman for holding this important meeting.

Thank you.

Mr. ENGEL. Yes. Thank you, Mr. Sires.

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman, for holding this hearing. Like my colleague from New Jersey, I want to welcome our witnesses.

On January 22, the United States and Mexico issued a joint statement announcing a multi-year plan for \$1.4 billion in United States assistance to Mexico and Central America to combat drug trafficking and criminal organizations.

A couple of weeks before this announcement I was fortunate enough to travel to Mexico City and meet with Members of the Congresso from Mexico in order to discuss this aid package and what can be done to stop illicit drugs from entering both our countries and our respective counternarcotics efforts.

While the Mexican Congresso welcomed our support, they are concerned this initiative would be classed as a Plan Colombia type operation, and that is why they would rather have money for technology and equipment instead of United States personnel stationed in Mexico to address drug fighting.

I think we need to address their concerns today and especially since we are discussing the United States' obligations under this initiative. According to the plan, 59 percent of the grant money would be earmarked for civilian agencies responsible for law enforcement.

This is much needed, but the number and complexity of Mexico's security agencies will need more than cash to reform. Some of these Federal agencies have earned a reputation for ineffectiveness and corruption, and I am interested in knowing how the United States plans to realistically address this issue.

However, since the announcement of the initiative the United States Government has stepped up efforts in working with both Mexican and Central American law enforcement agencies in several ways to sharpen their focus on cross-border collaboration. So far these efforts have been successful. I am hopeful that this is the first of many successes that this endeavor will have.

I represent a district in Texas, and I have seen how these security threats can impact the daily lives of many Texans, as well as how it will often divert State resources from areas like education, housing and other police operations.

I believe this initiative is necessary and it can be successful, and I applaud President Calderón in what he has been doing since he was elected to address this issue. There have been dozens of police officers and police chiefs along the border with Mexico murdered or assassinated along with officers, and I think we need to continue an open dialogue on all of the initiative countries and keep each other accountable and ourselves included.

I am glad the chairman talked about the number of firearms that go into Mexico. Having a long border with Mexico in Texas, in an earlier hearing I joked. In Texas we think all those firearms ought to be in Texas. We don't want to send them to anybody.

That is why I think the ATF, and I would like to see what we can do to upgrade their effort to stop that transit into Mexico because what we are seeing is guns into Mexico and drugs into our country, so we need to fight it on both sides of the border.

Again, I look forward to the testimony of our witnesses today, and I look forward to seeing if we can stem the flow from Mexico into the United States while we also stem the flow of the firearms into Mexico.

Thank you, Mr. Chairman.

Mr. ENGEL. Thank you, Mr. Green.

Mr. Klein?

Mr. KLEIN. Thank you very much, Mr. Chairman. Just to be brief, I join the comments of some of the colleagues that have already spoken and thank them.

The areas that I am interested in—it goes along with the efficiency of the amount of money being spent—is the coordination, the United States agency/interagency coordination, making sure that we are doing whatever we need to be doing in terms of making sure that the efficiency is there and one hand knows what the other is doing intelligence-wise and things like that.

Also, I am very interested, and it has already been discussed but I will reiterate my feelings on it as well, and that is weapons trafficking, a huge issue, and currency, currency issues as well, because we all know that money and drugs flow together and one is used to generate the other and there is a lot of laundering that goes on and bulk currency smuggling.

So I would be also interested from our panel today in terms of what we are doing to limit that and what we are doing with the Mexican Government to deal with that issue as well.

I thank the panel for joining us and look forward to hearing the testimony.

Mr. ENGEL. Thank you, Mr. Klein.

Ms. Giffords?

Ms. GIFFORDS. Thank you, Mr. Chairman. I want to thank everyone in advance for coming today.

I represent southern Arizona, the Tucson sector of the Border Patrol, where we currently are responsible for more than 48 percent of the nation's drug trafficking, as well as 44 percent of the human illegal immigration trafficking in the country, so when you look at the drugs and now when I met with Chief Gilbert, the head of the Border Patrol, the Tucson sector, just a couple of days ago we have now replaced Phoenix for the largest city in terms of drug trafficking in the country, Tucson, meaning the community that I live in.

We are very concerned. We obviously have a close relationship with Mexico. We are on the border with Mexico. I have one of 10 U.S. border congressional districts. I want to know very specifically what you are doing for southern Arizona in terms of drug trafficking, in terms of gun trafficking and also trafficking of criminals as well.

You know, we are on the front lines in Arizona, and I know that there is a lot of talk. For example, the NSBCS, which is the National Southwest Border Counternarcotics Strategy, talks about recommendations. They said that 53 of those recommendations of the 68 had been met, but they are classified and so we actually see no decrease in terms of what is happening on the front lines.

So there is a lot of talk, and I want to hear some real specifics about what we can be doing cooperatively to improve things for the people who live in southern Arizona.

Mr. Chairman, today I have a couple of specific questions later after the testimony, but I really want to hear specifically what is happening and what we can be doing to work more closely in cooperation and partnership.

Mr. ENGEL. Thank you, Ms. Giffords.

Mr. Faleomavaega?

Mr. FALEOMAVAEGA. Mr. Chairman, I too would like to join in the sentiments expressed by my colleague from Arizona. I am very interested in hearing from our members of the panel this morning.

Thank you.

Mr. ENGEL. Thank you very much. I would like to briefly recognize witnesses. Let me first mention all of them.

We have the Honorable Tom Shannon, the Assistant Secretary of Bureau of Western Hemisphere Affairs, U.S. Department of State; Marisa Lino, Assistant Secretary, Office of Policy and International Affairs, the U.S. Department of Homeland Security; Scott Burns, Deputy Director of the White House Office of National Drug Control Policy;

William J. Hoover, Assistant Director, Office of Field Operations of the Bureau of Alcohol, Tobacco, Firearms and Explosives of the U.S. Department of Justice; Mr. Anthony P. Placido, Assistant Administrator and Chief of Intelligence of the Drug Enforcement Administration of the U.S. Department of Justice; and Mr. Kenneth Kaiser, Assistant Director of the Criminal Investigative Division of the Federal Bureau of Investigation of the U.S. Department of Justice. Welcome.

It is a very distinguished panel, and I am delighted that you are here. You can submit your testimony for the record. You have 5 minutes each to make an opening statement. If you would like to submit your testimony and then just summarize that would be much appreciated.

I call on Secretary Shannon, Assistant Secretary of Bureau of Western Hemisphere Affairs, U.S. Department of State. Thank you.

[Disruption from audience.]

Mr. ENGEL. Excuse me. I am going to have you removed if you open your mouth one more time.

[Disruption from audience.]

Mr. ENGEL. Okay. I would please ask the police to remove this gentleman.

[Recess.]

Mr. ENGEL. I apologize for the delay. He has disrupted many of our hearings before. This is just more of the same.

I apologize and ask Secretary Shannon to begin his opening remarks.

STATEMENT OF THE HONORABLE THOMAS A. SHANNON, ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. SHANNON. Thank you very much, Mr. Chairman. Chairman Engel, Ranking Member Burton, other members of the subcommittee, thank you for the opportunity to appear before this committee and address the important connection between the Merida Initiative and ongoing domestic efforts to fight organized crime and drug trafficking.

On November 14, as you noted, Mr. Chairman, I testified before this committee on the Merida Initiative. At that time I described the specific aspects of the Merida Initiative as a foreign assistance program. I highlighted the important role played by President

Bush's March 2007 visit to Latin America in developing the Merida Initiative and noted the concern expressed by then President Berger of Guatemala and President Calderón of Mexico about the threat which democratic states faced from organized crime, gangs and narcotics cartels.

In Merida, Mexico, President Bush said we recognize the United States has a responsibility in the fight against drugs, including the responsibility to reduce the demand for drugs in the United States.

In Montebello, Canada, in August 2007 at a North American Leaders Summit, President Bush spoke of a common strategy to deal with the common problem of narcotrafficking and violence on our border.

President Bush and the leaders of Central America and Mexico agree that transnational crime is a regional problem which will require regional solutions. To that end, the Merida Initiative would combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions.

The administration is committed to doing everything possible to stem the flow of arms and laundered money to Mexico and Central America where they do so much harm either in the form of violence or corruption.

Our countries' individual and cooperative strategies reflect a consensus about the threats we face and the political will to take action to address those threats. We in the United States have strong domestic initiatives in the Southwest Border Counternarcotics Strategy, ATF's Southwest Border Initiative and our coordinated anti-gang activities.

Each demands vigorous efforts within our own borders, but also includes elements of international cooperation that we must coordinate with our partners. The Merida Initiative is a foreign assistance program that provides some of the needed material resources to facilitate that coordinated action.

The effects of drug trafficking activity are clear in Mexico, along the borders, in the United States and in Central America. Just in the month of January we have seen police chiefs and their families gunned down just across our border in Mexico: Two precinct commanders and one subcommander in Tijuana on January 15; a Ciudad Juarez police captain on January 20.

The Ciudad Juarez police commander, injured in an assassination attempt on January 21, remains in an El Paso hospital under heavy guard. Three of ten men arrested for their involvement in a deadly shooting in Rio Bravo, Mexico, were United States citizens, two of them from Detroit, Michigan.

We can no longer just warn of this violence spilling over into the United States. We must acknowledge that it has. And our children are affected by gang violence in high schools even in the Washington, DC, area and ever more lethal and novel drugs seep into the interior of the United States.

President Bush has noted our shared responsibility to combat transnational crime. The illicit trafficking of arms is a major obstacle to security and economic development in Mexico and Central America. Throughout the hemisphere, terrorists groups, insurgents and drug traffickers acquire arms through illegal diversion, theft and smuggling.

My colleagues will tell you of the United States' efforts to mitigate the illicit trafficking and destabilizing accumulation of arms by means of law enforcement cooperation, bilateral technical and financial assistance and multilateral diplomacy.

The InterAmerican Convention Against the Illicit Manufacturing and Trafficking in Firearms, Ammunitions, Explosives and other Related Materials is one tool we have to limit the ability of criminal organizations to access the resources they require. CIFTA, as the convention is known, is modeled on U.S. laws, regulations and practices and would not require the enactment of new legislation. The convention does not prohibit the lawful ownership and legal use of firearms.

While ratification is up to the Senate, the Department of State programs and regulations comply with the primary obligations required under CIFTA such as licensing of exports of firearms, sharing of information, tracing of illicit firearms and stockpile management and destruction assistance.

It would ensure that other countries meet comparable standards that would enable the United States and other countries to more effectively combat illicit arms trafficking and organized crime. We share your interest in CIFTA and appreciate the importance you attach to it. Our domestic law enforcement efforts to reduce demand and control arms and cashflows going south will help cut off the oxygen which, along with fear and intimidation, sustain these criminal organizations.

The Merida Initiative is a foreign assistance program that would complement existing and planned initiatives of domestic law enforcement agencies in participating countries. The key is strengthening institutions and capacity in our partner countries so that we can do more things jointly, responding with greater agility, confidence and speed to the changing tactics of organized crime.

Representatives of those domestic agencies are here today to tell you and your colleagues on the committee about their domestic initiatives that complement what we seek to achieve through the Merida Initiative and their ongoing cooperation with our partners in Mexico and Central America.

Thank you very much, Mr. Chairman.

[The prepared statement of Mr. Shannon follows:]

PREPARED STATEMENT OF THE HONORABLE THOMAS A. SHANNON, ASSISTANT SECRETARY, BUREAU OF WESTERN HEMISPHERE AFFAIRS, U.S. DEPARTMENT OF STATE

Chairman Engel, Ranking Member Burton and Members of the Subcommittee:

Thank you for the opportunity to appear before this Committee and address the important connections between the Merida Initiative and ongoing domestic efforts to fight organized crime and drug trafficking.

As you will recall, on November 14, 2007 I testified before this committee on the Merida Initiative. At that time, I described the specific aspects of the Merida Initiative as a foreign assistance program. I highlighted the important role played by President Bush's March 2007 visit to Latin America in developing the Merida Initiative, and noted the concern expressed by then-President Berger in Guatemala and President Calderon in Mexico about the threat which democratic states faced from organized crime, gangs and narcotics cartels. In Merida, Mexico President Bush said we "recognize the United States has a responsibility in the fight against drugs," including the responsibility to reduce the demand for drugs in the United States. In Montebello, Canada in August of 2007, President Bush spoke of "a common strategy to deal with [the] common problem" of "narco-trafficking and violence on our border."

Presidents Bush and the leaders of Central America and Mexico agree that transnational crime is a regional problem, which will require regional solutions. To that end, the Merida Initiative would combine each nation's domestic efforts with broader regional cooperation to multiply the effects of our actions. The Administration is committed to doing everything possible to stem the flow of arms and laundered money to Mexico and Central America, where they do so much harm, either in the form of violence or corruption.

Our countries' individual and cooperative strategies reflect a consensus about the threats we face and the political will to take action to address those threats. We in the United States have strong domestic initiatives in the National Southwest Border Counternarcotics Strategy, ATF's Southwest Border Initiative, and our coordinated anti-gang activities. Each demands vigorous efforts within our own borders, but also includes elements of international cooperation that we must coordinate with our partners. The Merida Initiative is a foreign assistance program that provides some of the needed material resources to facilitate that coordinated action.

The effects of drug trafficking activity are clear in Mexico, along the borders, in the United States and in Central America. Just in the month of January, we have seen police chiefs and their families gunned down just across our border in Mexico: two precinct commanders and one sub-commander in Tijuana on January 15; a Ciudad Juarez police captain on January 20. The Ciudad Juarez police commander, injured in an assassination attempt on January 21, remains in an El Paso hospital under heavy guard. Three of ten men arrested for their involvement in a deadly shooting in Rio Bravo, Mexico were U.S. citizens, two of whom were from Detroit, Michigan. We can no longer just warn of this violence spilling over into the United States, we must acknowledge that it has. And our children are affected by gang violence in high schools even in the Washington, DC area, and ever more lethal and novel drugs deep in the interior of the United States.

President Bush has noted our "shared responsibility" to combat transnational crime. The illicit trafficking of arms is a major obstacle to security and economic development in Mexico and Central America. Throughout the hemisphere, terrorists groups, insurgents, and drug traffickers acquire arms through illegal diversion, theft and smuggling. My colleagues will tell you of the United States' efforts to mitigate the illicit trafficking and destabilizing accumulation of arms by means of law enforcement cooperation, bilateral technical and financial assistance, and multilateral diplomacy.

In your invitation letter, you inquired about the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and other Related Materials (CIFTA). CIFTA seeks to regulate the legal manufacture and trafficking of firearms, ammunition explosive and other related materials and criminalize acts of illicit manufacturing and trafficking. Department of State programs and regulations comply with the primary obligations required under the CIFTA.

Our domestic law enforcement efforts to reduce demand, and control arms and cash flows going south will help cut off the oxygen which, along with fear and intimidation, sustain these criminal organizations

The Merida Initiative is a foreign assistance program that would complement existing and planned initiatives of U.S. domestic law enforcement agencies engaged with counterparts in each participating country. The key is strengthening institutions and capacity in our partner countries so that we can do more things jointly, responding with greater agility, confidence, and speed to the changing tactics of organized crime.

Representatives of those domestic agencies are here today to tell you about their domestic initiatives that complement what we seek to achieve through the Merida Initiative and their on-going cooperation with our partners in Mexico and Central America.

Thank you for your time and I would be happy to answer any questions you may have.

Mr. ENGEL. Thank you, Mr. Shannon.
Secretary Lino? Ambassador Lino?

STATEMENT OF THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR

Ambassador LINO. Chairman Engel, thank you so much for your kind remarks at the beginning and the introduction.

Ranking Member Burton, members of the subcommittee, thank you. It is a pleasure to appear before you today and to describe the Department of Homeland Security's vision for security cooperation with Mexico and Central America, as well as what we are doing in the United States to support this vision.

DHS fully supports the Merida Initiative as an unprecedented opportunity to work closely with the Calderón administration in Mexico and our partners in Central America to enhance United States security interests, as well as those of our southern neighbors. Working on a regional basis will have a multiplier effect on the capabilities of all concerned and will permit us to more effectively tackle the transborder crime and violence plaguing us all.

We must also continue to build a unified set of our own capabilities here at home. By enhancing cooperation, both north and south, we can better counter those threats of a cross-border nature, whether organized crime, trafficking people, drugs and arms, or terrorists seeking to infiltrate our country with the capability and intent to cause real harm to the United States and its people.

DHS, along with the other agencies present today, will have an important role in implementing a number of the items and programs in the proposed Merida Initiative request if approved and funded. However, the interagency process is still refining the details of the package, and this process will further clarify which specific U.S. Government departments and agencies will support the various budget line items in the funding request.

My written testimony highlights a number of programs from our ongoing collaboration with Mexico to demonstrate how our obligations under Merida will strengthen our own security, as well as bolster Mexico's capacities to do the same. These programs work to counter the many security challenges our country faces: From drug running to possible terrorist threats; from human trafficking to gang activities; from bulk cash smuggling to arms trafficking.

A perfect example of how interagency cooperation will support Merida on the U.S. side of the border is a joint strategy based on broad principles developed by CBP, ICE, ATF and DEA aimed at identifying and disrupting the illicit cross-border trafficking of firearms and ammunition.

Discussions are ongoing to address more detailed procedures regarding coordination and information sharing, but the strategy is based on three pillars: Analysis of firearms-related data, information sharing and coordinated operations.

ATF has established the Southwest Border Gun Center in the El Paso Intelligence Center, or EPIC, which serves as a central repository for firearms-related information and intelligence.

In conclusion, I thank you for the opportunity to share news of the types of success stories our hard working men and women carry out every day to help protect our country. The partnerships we have established with our neighbors in the hemisphere are crit-

ical to this effort. We suggest building on that momentum through the Merida Initiative so that continued cooperation can be enhanced and enlarged.

DHS appreciates the importance of bilateral exchange and welcomes the support of the subcommittee and the Congress for the Merida Initiative. Only by working to combat threats from both sides of the border can we achieve a new level of success.

Thank you again for the opportunity to testify, and I look forward to your questions.

[The prepared statement of Ambassador Lino follows:]

PREPARED STATEMENT OF THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR

Chairman Engel, Ranking Member Burton, and Members of the Subcommittee on the Western Hemisphere: I thank you for this opportunity to appear before you today and describe the Department of Homeland Security's vision for security cooperation with Mexico and Central America as well as what we are doing in the United States to support this vision.

As Assistant Secretary for International Affairs at DHS, it is my job to understand the relationships between countries on matters of security, and, in particular, that between the United States and its closest neighbors in this hemisphere. To protect the homeland requires us to engage our foreign partners on issues of mutual concern.

The Department of Homeland Security fully supports the *Merida Initiative*, and what we as a government are trying to accomplish through this security cooperation initiative. Merida offers us an unprecedented opportunity to work closely with the Calderon Administration in Mexico and with our partners in Central America to enhance U.S. security interests, as well as those of our southern neighbors.

Working with the Mexicans and Central Americans on a regional basis will have a multiplier effect on capabilities and help us over the long term develop sustainable security partnerships throughout the region. DHS sees the *Merida Initiative* as an opportunity to more fully engage our Mexican and Central American counterparts to address threats common to all as well as threats to the U.S. homeland. It is only through each nation working both domestically and in collaboration with others that we are able to more effectively tackle the trans-border crime and violence plaguing us all.

We must also continue to build a unified set of our own capabilities here at home to manage the risk to the people of the United States. We must enhance cooperation both north and south, working to counter those threats of a cross-border nature, whether organized crime trafficking people, drugs, arms or terrorists seeking to infiltrate our country with the capability and intent to cause real harm to the U.S., its people and its economy.

The Department of Homeland Security has an "all threats" approach to the security of the United States. Our personnel work diligently to counter domestic as well as international threats. It is with much pride and respect for my colleagues at DHS that I share with you today some of what DHS is doing on the domestic front to combat those security concerns also identified via Merida.

The efforts of our neighbors—in this instance, Mexico and Central America—have a direct impact on the security of the United States. The Department of Homeland Security is eager to do more in this hemisphere with our southern neighbors because we believe the return will be significant in terms of enhancing security for all. "Opening the door" with some of these programs will allow us to solidify our working relationships and expand our engagement and cooperation in a region vital to our security interests. It provides us the opportunity to amplify our domestic efforts significantly.

Let me highlight a few programs from our ongoing collaboration with Mexico to demonstrate how cooperation with our neighbors is key to the security of the United States and how our obligations under *Merida* will strengthen our own security as well as bolster Mexico's capacities to do the same on both its northern and southern borders. These programs work to counter the many security challenges our country faces: from drug running to possible terrorist threats; from human trafficking to gang activities; and from bulk cash smuggling to arms trafficking.

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BORDER ENFORCEMENT SECURITY TASK FORCE (BEST)

The Border Enforcement Security Task Force (BEST) program was proposed in 2005 as the Department of Homeland Security's approach to combat cross-border criminal activity and violence along our southern border with Mexico. In 2006, Secretary Chertoff adopted the BEST initiative to bring together federal, state, local and foreign law enforcement resources in an effort to identify, disrupt, and dismantle organizations seeking to exploit vulnerabilities along the southern border and threaten the overall safety and security of the American public. Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP) and DHS' Intelligence and Analysis Directorate personnel work cooperatively with other law enforcement entities to take a comprehensive approach towards combating criminal organizations involved in cross-border crimes. One of the primary missions of the BESTs is to prevent the illegal exportation of firearms from the United States into Mexico, a particular concern of the Mexican government. The government of Mexico agreed to assign full-time representatives to each of the BESTs.

The BEST program is one of our most highly successful southern border law enforcement programs. In an effort to stem the flow of weapons being smuggled illegally into Mexico, ICE is utilizing the investigative strengths of both the U.S. and Mexican representatives to the BESTs to identify and prosecute those who would seek to illegally export weapons to Mexico, which also supports the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) in their mission.

OPERATION AGAINST SMUGGLERS INITIATIVE ON SAFETY AND SECURITY (OASISS)

Since August 2005, Customs and Border Protection (CBP) has worked closely with Mexican officials in a bilateral alien smuggler prosecutions program called Operation Against Smugglers Initiative on Safety and Security (OASISS). OASISS is a joint initiative between the U.S. and Mexico that enables Mexican courts to prosecute smugglers for crimes committed in the border region. Through OASISS, both governments are able to track and record prosecution efforts on both sides of the border. The intent of the program is to target alien smugglers and human traffickers operating in the immediate border region. The OASISS program has had a significant and positive impact on operations, and furthering smuggling investigations both in the United States and Mexico. Due to current expansion and awareness of the OASISS program, the number of alien smuggling cases generated from Fiscal Year 2006 to Fiscal Year 2007 decreased 12%, as well as the number of smugglers prosecuted, which also decreased 70% during the same time period. This decrease is a direct reflection of the success of the OASISS program as a tool to prevent and, especially, to deter human smuggling along the southwest border. The *Merida Initiative* proposal for Fiscal Year 2008 supplemental funding would further expand OASISS to more locations along the border, with the final goal being full coverage from Baja, California to the state of Tamaulipas. Future plans include the possibility of expanding the OASISS program to Mexico's southern border with Guatemala.

BULK CASH SMUGGLING INTO MEXICO

Immigration and Customs Enforcement (ICE) has a number of programs to address the problem of bulk cash smuggling. One of these, "Operation Firewall," addresses the threat of bulk cash smuggling via commercial and private passenger vehicles, commercial airline shipments, airline passengers, and pedestrians transiting to Mexico along the southern border. ICE and Customs and Border Protection (CBP) have conducted various Operation Firewall operations with Mexican Customs and the Mexican Money Laundering Vetted Unit. ICE plans to expand existing Operation Firewall operations to include additional border crossing locations along the southern border with Mexico. All significant Operation Firewall seizures result in criminal investigations with the goal of identifying the source of the funds and the responsible organizations.

ICE is also establishing a Trade Transparency Unit (TTU) with Mexico. The mission of the TTU is to identify cross-border trade anomalies, which are indicative of trade-based money laundering. Under this initiative, ICE and law enforcement agencies in cooperating countries establish TTUs to facilitate the exchange of import/export data and financial information. The establishment of a TTU with Mexico is currently underway. ICE will provide Mexico TTU representatives with an in-depth training on the Data Analysis and Research for Trade Transparency System (DARTTS). ICE will also install the system, and provide expert technical support. Once fully trained, Mexican TTU representatives will be able to use trade data to develop criminal targets involved in crimes such as tax evasion, customs fraud, and

trade-based money laundering. The establishment of a Trade Transparency Unit (TTU) in Mexico City will benefit both Mexico and the United States in their efforts to combat criminal organizations.

FIREARMS TRAFFICKING

Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), and the U.S. Drug Enforcement Administration (DEA) have developed a joint strategy aimed at identifying and disrupting the illicit cross border trafficking of firearms and ammunition. ATF, ICE and CBP agree upon broad principles as part of an interagency strategy to identify, investigate, and interdict the illicit cross-border trafficking of firearms and ammunition into Mexico. Discussions are ongoing to address more detailed procedures regarding the coordination of multi-agency operations and information sharing. ATF has established the Southwest Border Gun Center in the El Paso Intelligence Center (EPIC), which serves as a central repository for firearms-related information and intelligence.

ICE's Weapons Smuggling Initiative seeks to identify, dismantle and disrupt transnational criminal networks responsible for smuggling illegal weapons and ammunition from the United States into Mexico, posing a threat to the overall safety and security of both countries. The initiative incorporates an investigative response by a vetted investigative unit to weapons seizures at Mexican ports of entry, as well as investigation of related border security vulnerabilities. In addition, ICE works in conjunction with CBP to facilitate interdiction enforcement operations based on intelligence generated through this bilateral initiative.

The programs mentioned demonstrate the Department of Homeland Security's "all threats" approach to security and law enforcement and show how integral these efforts are to the safety and security of the United States. The programs demonstrate how DHS—by partnering with local, state, and tribal officials as well as with foreign governments—is working to keep America a safer place from terrorism. This is a prime example of how our domestic actions, when coupled with the domestic actions of Mexico and the countries of Central America—as well as the joint actions we hope to embark on under the *Merida Initiative*—create a unified effort in the fight against transnational organized crime.

BILATERAL STRATEGIC PLAN

In August 2007, Mexican Customs, ICE, and CBP signed a Bilateral Strategic Plan to fight trans-border crime. The Bilateral Strategic Plan strengthens cooperation in matters related to law enforcement by expanding existing institutional cooperation mechanisms and establishing new programs of collaboration designed to fight trafficking and smuggling of prohibited goods, fraud, and related crimes. The Plan establishes four working groups addressing capacity building, border management, customs security and law enforcement. All four working groups were formally launched in November 2007. The working groups will expand on existing cooperation to coordinate and implement joint security initiatives, efficient border management, integrity and capacity building assistance and joint enforcement and interdiction initiatives. The goal of these efforts is to enhance the security of our southern border with Mexico.

BORDER VIOLENCE PROTOCOLS (BVP)

On March 3, 2006, a bi-national action plan to combat border violence and improve public safety was signed by Secretary Chertoff and his counterpart in Mexico. This action plan set forth goals and objectives to ensure the appropriate law enforcement agencies of the respective governments would work together to provide an effective comprehensive joint response to incidents of cross-border violence and crime. In response to this plan, CBP created a headquarters bi-national working group to oversee the development and implementation of Border Violence Protocols (BVP) along the southwest border. These protocols serve as a mechanism to facilitate operational response to incidents, with CBP, ICE and their Mexican counterparts coordinating together. The US government and the Mexican government have incorporated state and local police activities into the protocols. The Border Violence Protocols have now been instituted along the entire US-Mexico border and are working efficiently and effectively. The Border Violence Protocols are another example of how the United States and Mexico are working closely together to create a safer and more secure border region.

GLOBAL TRAFFICKING IN PERSONS

ICE is also working to combat human trafficking by applying its expertise to counter this humanitarian and security problem. Organized syndicates exploit the vulnerability of the human condition to turn a profit. This crime is not limited by our borders, as many of the victims are forced to work in brothels and other nefarious businesses throughout our country.

The President's \$50 Million Trafficking in Persons (TIP) Initiative was established in 2003 to assist foreign countries in combating trafficking in persons. The TIP Senior Policy Operating Group (SPOG) identified eight countries to receive funding to combat trafficking in persons. ICE has also created a position of Global Trafficking in Persons (G-TIP) Coordinator to identify, develop, implement and coordinate these projects under the President's Initiative. ICE coordinates a G-TIP law enforcement initiative in Mexico centered on foreign law enforcement capacity building to include TIP/Sex Tourism training, establishing vetted units, rescuing trafficking victims, and providing support to prosecutors

NON-INTRUSIVE INSPECTION TECHNOLOGY (NII) TRAINING

CBP employs Non-Intrusive Inspection Equipment (NII) technology at all land ports of entry. This technology ensures a large percentage of conveyances are examined in a non-intrusive manner for contraband while permitting the smooth flow of legitimate trade and travel. While it would require four officers approximately four hours to unload and thoroughly examine a commercial conveyance full of cargo, a large-scale NII system can produce x-ray images of the conveyance and cargo permitting two officers to conduct an equivalent examination in a matter of a few minutes (e.g. three to five minutes). This technology also prevents unnecessary damage to conveyances and cargo caused by manual methods and allows the officers utilizing the technology see into areas that otherwise cannot be examined. This technology not only ensures contraband does not cross the border but also enables us to keep our country safe from weapons of mass destruction entering our country.

U.S. COAST GUARD

The U.S. Coast Guard has a number of cooperative programs with Mexico and Central America in a variety of areas, including port security, search and rescue, environmental response, and other programs, including with the Mexican Navy. In the area of enforcement, for example, in recent months the U.S. Coast Guard has seen a significantly increased level of cooperation with the Mexican government in obtaining authority to stop, board, and search Mexican flagged vessels, or vessels claiming Mexican nationality, which are suspected of drug smuggling. This includes recent cases in which the Mexican government authorized a boarding in less than two hours. Previously, the Coast Guard had encountered extensive difficulties in receiving this authority. The efforts of the Coast Guard Attaché working from the U.S. Embassy in Mexico City with Mexican counterparts have greatly contributed to the enhanced cooperation and the establishment of a stronger working relationship with the Mexican government in the war on drug smuggling. The U.S. and Mexican participation in summits with other regional partners and exchanges of information about each nation's respective laws applicable to maritime drug smuggling and about experiences in maritime counter-drug operations continue to strengthen the working relationship between our two countries.

CONCLUSION

In conclusion, I thank you for the opportunity to share news of the types of success stories our hard-working men and women carry out every day to help protect our country. The partnerships we have established with our neighbors in the hemisphere are critical to this effort. Through the exchanges of information and intelligence, as well as discussions of key issues, we work with Mexico and Central America to identify and address issues of concern and threats both sides combat. We suggest building on that momentum through the *Merida Initiative* so that forward movement not be lost and continued cooperation be enhanced and enlarged. Swift and prompt response is critical to interdicting and deterring those who would do us harm and those engaged in criminal endeavors. DHS appreciates the importance of bilateral exchange and welcomes the support of the Subcommittee and the Congress for the *Merida Initiative*. Only by working to combat threats from both sides of the border can we achieve a new level of success.

Thank you again for the opportunity to testify at this hearing, and I look forward to your questions.

Mr. ENGEL. Thank you very much.
Director Burns?

STATEMENT OF THE HONORABLE SCOTT BURNS, DEPUTY DIRECTOR, WHITE HOUSE OFFICE OF NATIONAL DRUG CONTROL POLICY

Mr. BURNS. Chairman Engel, Ranking Member Burton and distinguished members of the subcommittee, thank you for the opportunity to testify about how the United States is coordinating its domestic actions with the counter drug efforts being undertaken by the Government of Mexico and the nations of Central America.

I have provided written testimony, but I would like to highlight three key issues. First, timing. The timing could not be better, but it is essential to move quickly. President Calderón of Mexico has committed his administration and his government's considerable resources, including elements of the military, to confronting Mexico's greatest national security threat: Organized crime and corruption.

That threat was graphically embodied last year when Mexico witnessed a doubling of the number of police officers killed, as you mentioned, Chairman Engel, in the line of duty and buried over 2,000 victims of battles waging in the criminal groups that control drugs, weapons and money.

In Central America, criminal gains financed their operations through drug smuggling and human trafficking, and there is some indication that they are better armed and more powerful than law enforcement.

It must be done quickly to preserve the political momentum and reduce the time available for the cartels to adjust to compromise our investment.

Second, this effort is about reducing the drug supply and demand. Consistent with the premise that we are most effective when we facilitate what partner countries would do for themselves, our assistance is founded on the idea of building on structures that are already in place in Mexico.

For example, Mexico has an extensive national net of public health facilities, but community level providers are seldom trained to recognize, much less treat, drug abuse particularly in rural areas. Local facilities are not linked.

Mexico requested help in developing a Web-based system with potential to bring training to localities, gather statistical information essential for defining treatment and prevention priorities and give local service providers access to the best practices information.

The first tranche of the Merida Initiative would make \$15.2 million available for a national communication system to maximize the demand reduction capacity that they already have. For our part we understand that the United States drug consumption provides much of the demand-pull that makes trafficking in illegal drugs such a potentially profitable crime.

There are three programs that I will discuss in depth in response to your questions. We have reduced drug abuse by youth in the United States by nearly one-quarter between 2001 and 2007. We consider our duty to complement Mexican and Central American efforts by continuing to shrink our demand.

Finally, the Merida Initiative is an integral part of a larger strategy to permanently reduce the drug availability in the United States. We are working with the Government of Colombia to reduce coca and cocaine production, and by ratification of the Free Trade Agreement we can help create economic conditions to accelerate an end to the illegal drug business there.

As law enforcement colleagues will discuss, we are bringing pressure against multiple elements of the illicit drug business simultaneously. These include the southbound traffic in bulk cash and weapons through market disruption, interdiction, and organizational attacks that extends from the source countries through the transit zone and into the United States we have shown that flow can be reduced.

The latest DEA reporting indicates a sharp increase in the street price of cocaine with a 44-percent increase in the price for pure gram between January and September 2007. In short, our national drug control efforts are having a positive impact as there is less cocaine available on our streets.

The Merida Initiative will build the capacity of our friends to permanently shut the door on the largest in-flow of illegal drugs into the United States. It will force traffickers to try uncharted territory, take chances with new associates and increase their risks and their cost.

Just as the Medellin and Cali cartels were destroyed when law enforcement was provided with the equipment and intelligence it needed to attack them, the Merida Initiative provides tools to dismantle today's leading cartels and leave them with little space to regroup.

The Initiative offers an excellent opportunity to join effectively with our geographically closest allies against the common threat. I urge you to support, and I thank you for your attention and would be pleased to answer any questions.

Thank you.

[The prepared statement of Mr. Burns follows:]

PREPARED STATEMENT OF THE HONORABLE SCOTT BURNS, DEPUTY DIRECTOR, WHITE
HOUSE OFFICE OF NATIONAL DRUG CONTROL POLICY

Chairman Engel, Ranking Member Burton, distinguished Members of the Subcommittee:

Thank you for the opportunity to testify about how the United States is coordinating its domestic actions to complement the major counter-drug efforts being undertaken by the Governments of Mexico and the nations of Central America in the context of the Merida Initiative. Other witnesses have addressed in a variety of fora the advantages of moving rapidly and decisively with our partners to uproot the infrastructure of violence and corruption that threatens public security and in some instances undermines democratic rule. Implementing the Merida Initiative, by providing the supplemental funding necessary for equipment, training, and institutional strengthening, is essential to empower our democratic neighbors to destroy the gangs and drug mafias that operate in their national territories. In addition to helping our friends address their national security threats, we also hope that the Merida Initiative will contribute to reducing the quantity of drugs that enter the United States, and, in close cooperation with the Merida partner nations, destroying the linked multinational criminal enterprises that threaten public security in all of our countries. In these remarks I will describe U.S. programs to reduce drug-flow across the southwest border by decreasing the demand for those drugs, as well as U.S. efforts to control the supply of drugs coming across the Southwest border in coordination with our allies.

I would be remiss, however, if I didn't open my testimony with some very good news. The latest DEA reporting indicates a sharp increase in the street price of co-

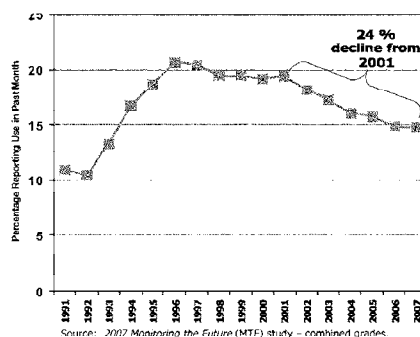
caine with a 44 percent increase in the price per pure gram between Jan–Sept of 2007. Average price per pure gram of cocaine is now \$136.93 (compared to \$95.35 in Jan). Purity of cocaine has dropped by 15 percent in the same period of time. Authorities in thirty-seven U.S. cities reported various levels of decreased cocaine availability; some of these reports indicate cocaine has been diluted with a variety of substances to stretch limited supplies. In short, our National drug control efforts are having a positive impact, as there is less cocaine available on our streets.

REDUCING THE DEMAND FOR ILLEGAL DRUGS

We understand that U.S. drug consumption provides much of the demand-pull that makes trafficking in illegal drugs such a potentially profitable crime. The Central America/Mexico smuggling corridor exists in large part because of the lucrative U.S. drug market, combined with insufficient institutional capacity and tremendous law enforcement challenges in Mexico and Central America. The vast majority of the cocaine consumed in the United States transits from the producer countries of South America through Mexico, which is also the largest foreign supplier of marijuana and the largest foreign source of methamphetamine. Although drug abuse is increasing rapidly in Mexico and Central America, in part because of the abundance of drugs available along transit routes, the United States remains the principal market for South American manufactured drugs.

As such, the first order of domestic business for the United States is to reduce consumption. We have been successful over the last six years, cutting by nearly one-quarter the consumption rates of illicit drugs among youth.

Current Use of Any Illicit Drug Among Youth



Prevention efforts focus on youth because the potential for long-term addiction and associated physiological and neurological adverse effects is greatest among the earliest initiates. To the extent illicit drug consumption is delayed, particularly if it is delayed through young adulthood, the chance of subsequent abuse decreases dramatically.

Great progress has been made at the state and local level in reducing drug use. These local efforts, conducted by parents, teachers, coaches, faith community leaders and concerned members of the business community are highly effective because these individuals best understand the specific challenges their youth face. The Federal Government has a vital role in supporting these efforts through the Drug-Free Communities Support Program, by expanding screening, intervention, and treatment programs, and through support for drug treatment courts which provide needed services and close criminal justice supervision to non-violent offenders.

The Drug-Free Communities Support Program

Recognizing that local problems require local solutions, ONDCP in cooperation with its Federal partner, the Substance Abuse and Mental Health Services Administration (SAMHSA), administers an innovative grant program to reduce youth substance abuse, the Drug Free Communities Support Program (DFC). Unique in its ability to provide Federal funding directly to local community organizations, DFC currently supports 736 grassroots community coalitions in 49 States, the District of Columbia, Puerto Rico, and the United States Virgin Islands with grants up to \$100,000 per year per coalition for up to five years. Since 1997, an estimated \$450 million has been awarded to prevent youth drug use. The DFC program involves

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more than 10,000 community volunteers working together to reach more than 31% of all youth in the United States in grades 6–12.

By supporting the development of local drug-free community coalitions, we are working with parents, youth, community leaders, clergy, educators, law enforcement, employers, and others to plan and implement an appropriate and sustainable response to local drug challenges.

Among the 2007 DFC grantees, 38 percent represent communities in economically disadvantaged areas, 23 percent urban, 41 percent suburban, and 34 percent rural.

FROM SCREENING TO RECOVERY SUPPORT: A CONTINUUM OF CARE

Despite recent reductions in drug use, many Americans continue to drink to excess, abuse prescription drugs, and use illegal drugs. Many Americans have some experience with substance abuse and its devastating effects on the person, the family, and the community.

For the thousands of Americans already suffering from substance use disorders, Federal initiatives such as SAMHSA's Substance Abuse Prevention and Treatment Block Grant and discretionary grant programs and National Institute on Drug Abuse (NIDA) sponsored research on drug abuse and addiction support State and community efforts to deliver the treatment services needed to achieve and maintain recovery.

Recognizing that addiction to substances is a treatable disease and recovery is possible, the Administration has supported innovative and effective programs designed to help expand treatment options, enhance treatment delivery, and improve treatment outcomes. By screening for substance use in the medical system, more Americans who are in need of interventions or treatment are being identified early and receiving services. Identifying substance use early may also stop the disease from progressing to addiction and reduce the need for long-term inpatient treatment—a costly and complex process involving long-term interaction with counselors, agencies, and professional services. Through the President's Access to Recovery Program, approximately \$400 million has been devoted to delivering a comprehensive spectrum of services tailored to the individual, including recovery support services.

SCREENING AND BRIEF INTERVENTION

In 2003, the Federal government began providing funding to support screening and brief intervention programs in States and tribal communities through Screening, Brief Intervention, and Referral to Treatment (SBIRT) cooperative agreements administered by SAMHSA. As of December 2007, over 577,436 clients in 11 States have been screened. Approximately 23 percent received a score that triggered the need for further assistance. Of this number, 15.9 percent received a brief intervention, 3.1 percent received brief drug treatment, and only 3.6 percent required referral to specialized drug treatment programs.

Outcome measures from the Federal program reveal that screening and brief intervention helps reduce substance abuse and related consequences, including emergency room and trauma center visits and deaths. Screening and brief interventions also increase the percentage of people who enter specialized treatment, have a positive impact on factors that enhance overall health, and may provide a shield from further drug use, including improvements in general and mental health, employment, and housing, and a reduction in arrests. Results from these Federal programs persist even 6 months after a brief intervention. Moreover, cost-benefit analyses of Federal programs have demonstrated net health care cost savings from screening and brief interventions. Considering the favorable cost-benefit ratio of Screening and Brief Intervention, it is a program that may be adaptable to the circumstances of drug abuse in Mexico and Central America, and could be facilitated by creating a web-based communications network that would spread its benefits rapidly to the community level and those lacking access to other forms of treatment.

Screening helps identify a large group of persons at risk for substance abuse disorders, particularly those who are unaware of or reluctant to acknowledge the consequences of their drug using behavior. For those who are referred to specialized treatment services as a result of screening, involvement with the criminal justice system, or on their own initiative, SAMHSA has made targeted efforts to provide services to underserved populations and to increase the number of treatment slots, providers, and modalities.

BREAKING THE CYCLE OF ADDICTION: MAINTAINING RECOVERY

Concerned about treatment for Americans whose “fight against drugs is a fight for their own lives,” the President announced Access to Recovery (ATR) in his 2003 State of the Union address. Starting in 2004, Congress appropriated approximately

\$98 million per year over 3 years for the first ATR grants in 14 States and one tribal organization.

ATR, which is administered by SAMHSA, expands substance abuse treatment capacity, promotes choices in both recovery paths and services, increases the number and types of providers, allows clients through use of voucher systems to play a more significant role in the development of their treatment plans, and links clinical treatment with important recovery support services such as child care, transportation, and mentoring.

As of September 30, 2007, more than 190,000 people with substance use disorders have received clinical treatment and/or recovery support services through ATR, exceeding the 3-year target of 125,000.

DRUG COURTS: TREATING SUBSTANCE ABUSING OFFENDERS

For many Americans, substance abuse can lead to involvement with the criminal justice system. With 32 percent of State prisoners and 26 percent of Federal prisoners reporting in 2004 that they had committed their crimes while under the influence of drugs, connecting offenders with substance abuse treatment through drug courts, during incarceration, or after release back into the community is an important component of the Nation's strategy to heal drug users.

For nonviolent drug offenders whose underlying problem is substance use, drug treatment courts combine the power of the justice system with effective treatment services to break the cycle of criminal behavior, alcohol and drug use, child abuse and neglect, and incarceration. A decade of drug court research indicates that it reduces crime by lowering rearrest and conviction rates, improves substance abuse treatment outcomes, reunites families, and produces measurable cost benefits.

A recent study in Suffolk County, Massachusetts, found that drug court participants were 13 percent less likely to be re-arrested, 34 percent less likely to be re-convicted, and 24 percent less likely to be reincarcerated compared to probationers.

In line with their effects on crime rates, drug courts have proven to be cost-effective. One analysis in Washington State concluded that drug courts cost an average of \$4,333 per client, but save \$4,705 for taxpayers and \$4,395 for potential crime victims, thus yielding a net cost-benefit of \$4,767 per client. An analysis in California concluded that drug courts cost an average of about \$3,000 per client, but save an average of \$11,000 per client over the long term.

U.S. ILLICIT DRUG SUPPLY REDUCTION STRATEGY ALONG THE SOUTHWEST BORDER

In addition to the Merida Initiative which is fundamentally a foreign assistance or security assistance package, the United States has developed a National Southwest Border Counternarcotics Strategy (SWBS) that provides 68 specific objectives and seven strategic goals for U.S. agencies operating along the border. Although the SWBS was developed through the inter-agency process prior to the Merida Initiative, the two programs are complementary. The SWBS is primarily a domestic coordination plan, focused on actions to be taken by U.S. agencies to reduce the flow of illegal drugs through the achievement of objectives in seven key areas:

- Intelligence Collection and Information Sharing;
- Interdiction at ports of entry;
- Interdiction between ports of entry;
- Aerial detection and response;
- Investigations and prosecutions;
- Financial crime; and
- Improved cooperation with Mexico.

Lead agencies with responsibility for achieving SWBS objectives are assigned according to agency expertise and operational experience. The SWBS primarily is designed to improve operational coordination in a resource neutral way among U.S. agencies for the achievement of priority objectives. DHS and DOJ continue to oversee a national implementation effort involving Federal, State, local, and private sector entities. This effort will also coordinate adjustments to the Strategy as new challenges emerge in the rapidly changing security environment on the Southwest Border. The SWBS must be updated in 2009, based on statutory requirements included in the ONDCP Reauthorization.

The portion of the SWBS related to U.S. actions in collaboration with Mexico identifies elements such as sharing improved inspection technology, collaboration with specialized law enforcement units, building on Mexico's anti-methamphetamine strategy, and enhancing the capacity to investigate and prosecute major drug traffickers on both sides of the border. These elements can be clearly seen in the pro-

posal to Congress for the Merida Initiative. For example, the vetted units enhance Mexican law enforcement capacity and at the same time offer a reliable counterpart for U.S. law enforcement.

Some of the most valuable programs now underway, or soon to be implemented to achieve these objectives include:

- Increased priority for Operation Gatekeeper, a DEA-led OCDETF initiative to shut down organizations that control drug crossing points in the U.S. and Mexico.
- Multi-agency enforcement efforts being pursued by OCDETF Co-Located Strike Forces in Houston (with satellite branches in McAllen and Laredo) and San Diego.
- Expanded U.S. efforts against bulk cash smuggling into Mexico, led by DEA and ICE.
- Heightened emphasis on stopping illegal weapons smuggling into Mexico, led by ATF and ICE.
- Ongoing coordination with the Department of Homeland Security to assure that counter-drug measures are built into the Secure Border Initiative.

In addition to what is occurring as part of the SWBS, ONDCP implemented in 2006 the SWB Flow Project which provided federal agencies with an assist from the additional resources and focus of the regionally coordinated Southwest Border High Intensity Drug Trafficking Area Program on illicit drug activities along the border. This project was started to complement the SWBS. The SWB HIDTA encompasses four states, 47 counties, and has 92 initiatives. As a result of increased cooperation with the task forces charged with implementing the initiatives, marijuana seizures have increased along the entire border. In California, West Texas, and South Texas all of the initiatives met their expected seizure goals for 2006 and in most cases exceeded them. In Arizona and New Mexico many of the initiatives met their expected goals. We expect to see a marked improvement in Arizona and New Mexico as they streamline their operations.

My colleagues from the operational agencies will be able to provide a more in-depth review of programs they have undertaken in support of SWBS objectives. Oversight of progress toward specific objectives of the SWBS is exercised by the Office of National Drug Control Policy, and more directly by the Office of Counter-narcotics Enforcement at the Department of Homeland Security, and the Department of Justice.

RESULTS: IN THE REGION AND BEYOND

U.S. counter-drug cooperation with Mexico and the Central American countries is designed to take advantage of trends and a favorable political climate throughout the region. The threat of instability caused by criminal organizations with the wherewithal to intimidate or corrupt law enforcement has been clearly recognized in the region. There is a willingness in the drug transit zone to join with cooperating producer countries such as Colombia and Peru, and consumer countries such as the United States, to disrupt the illicit drug trade by eliminating key inputs and disrupting the marketing mechanism through interdiction and arrest of the criminal leadership. The United States has an opportunity to support this hemispheric trend, through passage of the Free Trade Act with Colombia, ongoing robust support for coca eradication and interdiction programs, and approval of supplemental funding for the Merida Initiative.

We have seen what is possible when political will intersects with resources under the circumstances that existed internal to the illegal drug business in 2007. Cocaine became less available in the United States. As I mentioned at the outset of my testimony, we are seeing historic impacts on the price and purity of cocaine on American streets. This progress is only possible when all component parts work together.

To sustain these remarkable results it will be necessary for the United States to do its part. I thank you for the opportunity to address this body, and urge your support for the initiatives that will turn drug control possibility into reality. With that I would be pleased to respond to your questions.

Mr. ENGEL. Thank you, Mr. Burns.

Mr. Hoover?

**STATEMENT OF THE HONORABLE WILLIAM J. HOOVER, AS-
SISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BU-
REAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES,
U.S. DEPARTMENT OF JUSTICE**

Mr. HOOVER. Thank you, sir. Thank you Chairman Engel, Congressman Burton and members of the subcommittee.

It is an honor to be here today with my colleagues to discuss the Bureau of Alcohol, Tobacco, Firearms and Explosives' domestic operations along the southwest border and our role in the interdiction and investigation of United States sourced firearms illegally trafficked into Mexico.

I oversee the operations of all ATF field offices. The men and women of ATF are dedicated to reducing violent crime, preventing terrorism and protecting our Nation. We have the responsibility of enforcing Federal firearms, arson and explosives laws and regulating the firearms and explosives industries.

As a law enforcement agency under the Department of Justice, ATF has the statutory authority to address violent crime and firearms trafficking in the region. We also have regulatory oversight of the businesses licensed to sell firearms, otherwise known as Federal firearms licensees or FFLs.

Mexican drug trafficking organizations have aggressively turned to the United States as a source of firearms. These weapons are used against other DTOs, the Mexican military, Mexican and United States law enforcement officials, as well as innocent civilians on both sides of the border. Our comprehensive analysis of firearms trace data over the past 3 years shows that Texas, Arizona and California are the three primary source States respectively for United States sourced firearms illegally trafficked into Mexico.

Recently the weapons sought by drug trafficking organizations have become increasingly higher quality and more powerful. These includes the Barrett 50-caliber rifle, the Colt AR-15 .223-caliber assault rifle, the AK-47 7.62 assault rifle and its variants and the FN 5.57-caliber pistols, better known in Mexico as the cop killer.

ATF has been investigating firearms trafficking in working on the southwest border for over 30 years. We have learned that interdiction alone will not stop firearms trafficking. We must locate the source of the illicitly trafficked firearms and investigate the networks that are used to traffic them, all with the goal of shutting down both the source and the network of traffickers.

Efforts to combat the flow of firearms to Mexico are not new to ATF. However, escalating gun violence along and across our border led us to initiate Project Gunrunner. Project Gunrunner is a comprehensive investigative enforcement and interdiction strategy that incorporates ATF's expertise, regulatory authority and investigative resources to attack the problem at both the domestic and international level.

Along the southwest border we have approximately 100 special agents and 25 industry operation investigators dedicated to Project Gunrunner. As the Ambassador stated, we are also expanding our presence at the El Paso Intelligence Center. At EPIC, ATF serves as the central repository and clearinghouse for all weapons-related

intelligence. We collect, analyze and share this information with United States and Mexican law enforcement.

As the sole law enforcement agency that regulates over 100,000 FFLs, of which 6,700 are in the four border States, ATF has the statutory authority to inspect the records maintained by the licensees, examine them for firearms trafficking trends and patterns and revoke the licenses of those who are complicit in firearms trafficking.

An example would be an industry operations investigation recently revealed that there was a dealer who was responsible for smuggling upwards of 2,000 firearms into Mexico. When our industry operations conducted this investigation we also found out that this dealer was obliterating the serial numbers to conceal their origin.

We intensify our outreach efforts with the firearms industry and other law enforcement agencies to reinforce the importance of identifying and reporting suspected illegal purchasers of other illicit sources of firearms intended for Mexico.

In Fiscal Year 2007, ATF conducted 34 seminars with 3,700 industry members in attendance. These seminars are provided to help those FFLs identify suspected firearms traffickers. Also, we trained law enforcement agencies at both Federal and State level in these same firearms trafficking trends.

Firearms tracing is an investigative tool that is unique to ATF. It is imperative to trace each and every firearm interdicted in both the United States and Mexico. Each seized firearm is entered into the ATF firearms tracing system database, which records specific identifying information about the firearm and provides ATF and law enforcement with the information necessary to identify the original purchaser.

From there ATF agents use a variety of investigative techniques to identify firearms trafficking networks and those FFLs who may be complicit in the trafficking of firearms.

We provided you today with some slides in a profile.

[Slide.]

Mr. HOOVER. If you take a look at the first slide in your book you will see a chart that shows the number of firearms traces. We are talking about the number of firearms recovered in Mexico and submitted for tracing per fiscal year. You can see those numbers are going up.

If you take a look at the next slide—we also have these slides on the bigger charts up front. The next slide shows the top source States for firearms recovered in Mexico for Fiscal Year 2005. You can see that Texas, California and Arizona are at the top of that.

Please flip to the next slide, which will go to Fiscal Year 2006. You see the same trends.

If you would please flip to the 2007 chart? One thing that you will notice by looking at these charts is the trend of firearms traces does not stay on the border. It is creeping increasingly northward, and it is involving more of our resources in many States throughout the country.

ATF has developed and continues to enhance an extremely effective real-time intelligence and evidence sharing network with the Mexican Government. We are working with our Mexican counter-

parts to increase the use and deployment of ATF's eTrace system within Mexico. The widespread deployment of this Web-based firearms tracing system will only enhance our ability to more quickly and more thoroughly identify sources of firearms.

Currently ATF is in the process of executing memorandums of understanding with Mexico to provide eTrace training to nine consulates in Mexico. Our goal is to deploy the eTrace system in all 31 states within Mexico. Currently our eTrace system is in Hermosillo, Monterrey, Mexico City and Guadalajara. We have future agreements to place eTrace in Tijuana, Nogales, Juarez, Nuevo Laredo, Matamoros and Merida.

In Fiscal Year 2007, under Project Gunrunner ATF has investigated 187 firearms trafficking cases. We recommended 465 defendants for prosecution and seized roughly 1,300 firearms. ATF's acting director, Michael Sullivan, announced just last month that an additional 35 special agents and 15 industry operation investigators will be permanently assigned to Project Gunrunner.

This is a significant investment as nationwide we only have approximately 2,300 special agents and 700 industry operations investigators working in the field. Even in the face of these resource limitations, ATF continues to work toward stemming the flow of illegal weapons into Mexico.

I would like to conclude by again thanking the committee for its time and for the honor of allowing me to testify on this subject. I look forward to any questions that you may ask.

Thank you.

[The prepared statement of Mr. Hoover follows:]

PREPARED STATEMENT OF THE HONORABLE WILLIAM J. HOOVER, ASSISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE

Chairman Engel, Ranking Member Burton, and distinguished Members of the Subcommittee: I am William Hoover, Assistant Director for Field Operations of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). I have been an agent with ATF since 1987, and in my current position I oversee the operations of all of the Bureau's field offices, including those along the Southwest Border. It is an honor to appear before you today to discuss ATF's current role in the suppression and interdiction of U.S. sourced firearms illegally trafficked into Mexico. The violence fueled by Mexico's drug cartels poses a serious challenge for both U.S. and Mexican Law Enforcement in that the drug trafficking related violence is threatening the well being and safety of citizens on both sides of the border.

Before I discuss the issue of firearms trafficking along the Southwest border, I want to provide you with background information about ATF. ATF is a law enforcement agency within the Department of Justice dedicated to reducing violent crime, preventing terrorism and protecting our Nation. The men and women of ATF perform the dual responsibilities of enforcing Federal firearms and explosives laws and regulating the firearms and explosives industries. We are committed to working directly, and through partnerships, to investigate and reduce violent crime involving firearms and explosives, acts of arson, and illegal trafficking of alcohol and tobacco products.

ATF has a strategic role in investigating violent crime along the Southwest border. ATF has statutory authorities to address violent crime and firearms trafficking in the region as we have regulatory oversight over Federal Firearms Licensees (FFL), from whom all new guns are purchased.

ATF is engaged in the interdiction and abatement of the flow of U.S. sourced firearms into Mexico for use by major drug trafficking organizations (DTO). ATF's expertise and involvement in identifying, disrupting, and dismantling illegal sources of firearms to Mexico is not a new development. We have been engaged in utilizing our crime-fighting expertise, assets, and regulatory inspection authority to stem the flow of U.S. sourced firearms to DTOs. Further, ATF's partnerships and participa-

tion in task forces, such as the Organized Crime Drug Enforcement Task Force, enable ATF to gain the benefits of each partner's expertise and specific authorities and engage in real-time communication to effectively and efficiently combat the illicit trafficking of firearms and consequent violent crime.

ATF has long been committed to investigating and disrupting groups and individuals who utilize firearms trafficking as a means to facilitate the drug trade on both sides of the border through the use of firearms illegally obtained in the U.S. and subsequently smuggled into Mexico. As you know, President Calderon and Attorney General Medina Mora have identified the cartel-related violence as a top priority and recently proclaimed the illegal trafficking of U.S.-sourced firearms the "number one" crime problem affecting the security of Mexico today.

Public safety along the U.S.-Mexico border has deteriorated considerably and Mexico has seen nearly four years of intensified turf battles between the three major DTOs operating within Mexico. Ironically, these battles for control over lucrative narco-corridors into the U.S. from Mexico are the result of intense U.S. and Mexican law enforcement and military counter-narcotics operations and extraditions that commenced in late 2003 targeting the leaders of the most prolific Mexican DTOs. In seeking to gain control of the disputed corridors, namely the Baja/Tijuana, Sonora/Nogales and Nuevo Laredo corridors, DTOs and their enforcers have more aggressively turned to the U.S. as a source of firearms. The weapons are then used against other DTOs, the Mexican Military, Mexican and U.S. law enforcement officials, as well as innocent civilians on both sides of the border.

Intelligence gathered by ATF and other domestic Federal law enforcement entities strongly suggests that the DTOs have tasked their money laundering, distribution and transportation apparatuses, all of which reach across the border into the United States, to acquire firearms for illegal transfer back to Mexico for use in facilitating narco-trafficking and other criminal activities. These DTOs are comprised of loosely affiliated individuals and/or groups used to facilitate all aspects of the illicit drug and gun trade between Mexico and the U.S. We know that these same groups are employed by DTOs to transport narcotics and firearms and to launder narcotics-related proceeds, are highly functional in every major city—on both sides of the border—where the DTOs conduct drug trafficking operations. The major challenge for both U.S. and Mexican law enforcement is to identify, disrupt and to ultimately dismantle these DTO infrastructures as a means to decrease the demand for U.S. sourced firearms.

The increased incidence of firearms trafficking to Mexico (from the U.S.) is influenced by numerous factors, including:

- The strict prohibition and regulation of firearms in Mexico; coupled with the increased enforcement efforts by the Mexican government and the increased demand for firearms by the DTOs;
- A readily accessible source of firearms and ammunition originating in mostly the secondary market such as gun shows, flea markets and private sales;
- Illegal "straw purchases" of firearms from FFLs who are often unwitting participants in these schemes.

In analyzing the data collected through ATF's investigative and regulatory operations that have been focused on the abatement of illegal firearms trafficking to Mexico, there is more than enough evidence to indicate that over 90 percent of the firearms that have either been recovered in, or interdicted in transport to Mexico, originated from various sources within the United States. An in-depth, comprehensive analysis of firearms trace data over the past three years shows that Texas, Arizona and California are the three most prolific source states, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, approximately 1,112 guns which originated in Texas, Arizona and California were submitted for tracing from Mexico. For all other U.S. States in FY 2007, approximately 435 guns were submitted for tracing from Mexico. It should be noted, however, that although the greatest proportion of firearms trafficked to Mexico are originating out of the U.S. States along the Southwest border (namely Texas, Arizona and California), ATF trace data has established that cartels are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State.

Another challenge ATF faces is the DTOs' use of "straw purchasers." The "straw purchaser" is someone who is not prohibited from purchasing firearms but who illegally purchases firearms by posing as the actual buyer when really the guns are being purchased for firearms traffickers employed by the drug cartels. Although "straw purchasing" is a tactic used by cartels to acquire firearms through the U.S. market, straw purchasers and schemes can be exceptionally difficult to identify.

In addition to straw purchases, DTOs understand the ease with which used firearms can be purchased from individuals without records or background checks.

Until recently, the DTO's "weapons of choice" had been .38 caliber handguns. However, recent trace data of firearms seized in Mexico and "Stateside" interdictions of firearms bound for Mexico shows that cartel members and enforcers have now developed a preference for higher quality, more powerful weapons. The most common of these firearms now includes the Colt AR-15 .223 caliber assault rifle, the AK-47 "type/variant" 7.62 caliber assault rifle, FN 5.57 caliber pistols (better known in Mexico as the "Cop Killer" . . . or "Asesino de la Policia"). In conjunction with the dramatic increase in U.S. source firearms that have either been recovered in Mexico, or interdicted prior to reaching Mexico, ATF also routinely seizes small arms and assault rifle ammunition destined for Mexico. ATF has also seized large quantities of .50 caliber ammunition for use in high-caliber weapons.

A recent seizure that occurred in connection with an ATF case in the Phoenix Arizona area culminated in the arrest of 16 individuals, the recovery of 16 "weapons of choice" rifles, 19 handguns, \$13,000 in cash, a vehicle, 60 high-capacity magazines for AK-47 variants, and nearly 10,000 rounds of ammunition. In addition to the physical acquisitions, a significant amount of intelligence was gathered on firearms trafficking in Mexico, which will assist ATF in current and future investigations.

Often, ATF is asked what can be done to significantly decrease the number of firearms originating in the U.S. that ultimately make their way into the hands of DTOs in Mexico. ATF has developed and continues to enhance an extremely effective real-time intelligence and evidence sharing network with the Mexican Government. Given current circumstances and increasing volume, however, the system has been overwhelmed on both sides of the border. ATF has found that merely seizing firearms through interdiction without thoroughly investigating the supply and trafficking infrastructure accomplishes little in terms of 'tangibly' affecting the flow of firearms to Mexico. It is imperative to trace each and every firearm intercepted before it reaches Mexico or to trace the weapon once it is recovered in Mexico.

Thus, an essential component of ATF's firearms trafficking investigations is the tracing of firearms seized in both countries. Each seized firearm is entered into the ATF Firearms Tracing System database, which records specific identifying information, i.e., serial number, manufacturer, importer and caliber, for each weapon seized. Using this information, ATF can work backwards from the point of seizure to the first retail sale, to determine the original purchaser information and possibly learn additional pertinent information such as whether other seized guns were purchased at the same time. Using all of this information, ATF is able to reconstruct the flow of weapons along the border, how and where they are being purchased, and who is purchasing them. Without such information, ATF has no way to trace the source of such firearms. Further, without being able to trace these firearms, there is no way to tell whether or not the firearms actually originated within the U.S., nor can we come to know by what means such weapons were procured and transported to Mexico. Firearms tracing is an essential starting point for identifying and eliminating illicit sources of firearms in the U.S.

As such, ATF is working with Mexican officials to increase their current usage of ATF's eTrace system. eTrace provides web based access to ATF's Firearms Tracing System to allow law enforcement both domestically and internationally the ability to trace data from firearms seized in connection with a criminal investigation. eTrace allows law enforcement to access their trace results directly and offers the ability to generate statistical reports to analyze their trace data to determine firearms trafficking trends or patterns. In addition, ATF is developing Memorandums of Understanding with Mexico to provide e Trace training to nine consulates in Mexico. This initiative should increase the amount of trace information Mexico provides to ATF each year.

From FY 2006 to FY 2007, we experienced almost 100 percent increase in the number of trace requests from Mexico. With the deployment of eTrace to the nine consulates and the eventual implementation of Spanish eTrace, these numbers should continue to increase in the coming years.

ATF is also part of the Administration's recently announced "Merida initiative." This initiative is a comprehensive U.S. strategy to address drug smuggling, firearms trafficking, and increasing violence in Mexico and Central America. If the FY 2008 supplemental is enacted, ATF would receive \$2 million through the initiative to assist in the expansion of Spanish eTrace to countries in the Central America region. Funding would also be used to deploy an ATF regional advisor to Central American countries to assist them with firearms trafficking issues. As part of the proposed Spanish eTrace expansion, ATF would provide training to Mexican and Central

American countries to ensure that the technology is utilized to the greatest extent possible.

ATF's goal is to deploy eTrace software to all thirty-one states within the Republic of Mexico. Without the expanded use of eTrace, Mexico will continue to provide only limited information and intelligence related to firearms seizures in Mexico. Without that information, ATF faces greater challenges in reducing the amount of firearms trafficked across the border.

It is clear that one of the greatest challenges facing law enforcement officials today, both on the border and throughout the country, is the increased incidence of gun-related violence. To address the overwhelming increase of violence and firearms trafficking along the Southwest border ATF has initiated "Project Gunrunner," a comprehensive strategy that incorporates ATF's expertise and resources to attack the problem both domestically and internationally.

Currently, under "Project Gunrunner," ATF has approximately 100 special agents dedicated to investigating firearms trafficking on a full-time basis and 25 Industry Operations Investigators (IOI) responsible for conducting regulatory inspections of FFLs. We are expanding our overall presence at the El Paso Intelligence Center (EPIC) as the central repository and "clearinghouse" for all weapons related intelligence collected and developed not only by all of our ATF field and Mexico offices and attaches, but also by all of the other Federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S./Mexico border.

Our increased staffing levels at EPIC, will allow ATF to increase its intelligence activities with other EPIC law enforcement partners stationed there, including the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), Immigration and Customs Enforcement (ICE), Customs and Border Patrol (CBP) and the Texas Department of Public Safety. ATF also works closely with these agencies' task forces which operate along the Southwest border, sharing intelligence, and conducting joint investigations.

ATF is also focusing our limited industry operations resources on and near the border region to identify FFLs who may be involved, directly or indirectly, in supplying firearms to known traffickers. As part of "Project Gunrunner" we will seek to expand inspection and compliance activities to include focused forward traces of firearms that, through historical firearms recovery and trace data have been identified as "weapons of choice" for the cartels and their enforcers.

These inspections will also seek to use firearms tracing and proactive investigative measures to identify and interdict those who pose as legitimate buyers while they are actually straw purchasing firearms for cartel members and associates who otherwise are prohibited from purchasing firearms in the U.S.

ATF is also intensifying our education and liaison efforts with the firearms industry and other law enforcement agencies to reinforce the importance of collaboration to identify and report suspected straw purchasers and other illicit sources of firearms intended for Mexico.

Internationally, we have enjoyed a strong collaborative relationship with Mexican law enforcement and other government agencies in Mexico. Over the last 15 years, ATF has had special agents permanently assigned to the U.S. Embassy in Mexico City. The agents are engaged in full time intelligence sharing with the Mexican Government as a means to gather real time information on significant seizures of firearms that originated from within U.S. Within the past year, ATF assigned additional agents to Monterrey, Mexico. Having agents permanently assigned and working side by side with Mexican law enforcement and military officials, has helped us develop and foster relationships in all corners of Mexico as a way to provide technical and investigative assistance to police and prosecutors.

In the future ATF will look to assign additional special agents and intelligence research specialists to ATF offices in Mexico, coupled with the deployment of additional agents and analysts to EPIC who will act as liaison partners with/to the other U.S. law enforcement entities operating within the Republic of Mexico. ATF is also looking to establish more pre-identified, specially vetted Mexican police officials that will allow Special Agents from the ATF field offices in U.S. border cities to work directly to exchange timely investigative information regarding seizures of suspected U.S. sourced firearms within the contiguous Mexican border states.

In January of 2008, ATF Acting Director Sullivan announced that an additional twenty-five Special Agents and fifteen IOIs will be permanently assigned to the Southwest border to curb the illegal export of U.S. sourced firearms and ammunition to Mexico.

Since ATF is a relatively small federal law enforcement agency, this accounts for a significant proportion of total available manpower and directly affects our ability to address violent crime in other parts of our country. Nationwide, we have about

2,500 Agents and about 750 inspectors. The FY 2009 budget request provides for 12 new industry operations investigators operations and \$0.9 million to increase our staffing levels in the ATF field offices along the U.S./Mexico border.

It is estimated that there are over 6,647 FFLs along the U.S./Mexico Border compared to approximately 35 IOIs and 100 special agents stationed along the border and dedicated to investigating firearms trafficking. It is a major challenge for ATF to adequately identify and disrupt the illegal sources of firearms and ammunition, while participating in the interdiction of shipments firearms and ammunition destined for Mexico. Nevertheless, in FY 2007, we investigated 187 firearms trafficking cases and recommended 465 defendants for prosecution and seized over 1,297 firearms as a result of "Project Gunrunner."

In inviting ATF to appear today, this Committee asked about whether the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives and other related materials (CIFTA) was in compliance with ATF regulations. While ratification is up to the Senate, ATF programs and regulations comply with the primary obligations required under the CIFTA, such as licensing of, manufacture and importation of firearms.

There should be no question that firearms trafficking is a priority for this Bureau and that it will be a priority until this issue is adequately addressed. The expansion of our "Project Gunrunner" will assign additional manpower and investigative resources to our border offices to specifically work to dismantle the criminal infrastructures that exist to procure the "deadly tools of the trade" and enable DTOs to engage in increasingly violent turf battles.

I would like to conclude by again stating that ATF has developed and is actively implementing our "Project Gunrunner" initiative which is modeled upon our border successes over the years, and that is designed to actively disrupt, deter and dismantle the criminal enterprises and infrastructures seeking to ensure a continued and viable supply of U.S. sourced firearms for criminal purposes to Mexico, but which is also designed to address and eliminate the actual sources of the firearms and ammunition that have become so readily available for criminal purposes in both Mexico and in the U.S.

Although it has proven exceptionally difficult to reduce the demand for U.S. sourced arms in Mexico, ATF will continue to attack the infrastructures and illicit sources fueling the availability and access to firearms by those who seek to further their narco-trafficking activities on both sides of the border.

I would like to thank the Committee for its time and for the honor of allowing me to testify on this subject, and I look forward to any questions you may have. I would ask that my written statement be entered into the record.

Mr. ENGEL. Thank you, Mr. Hoover.
Mr. Kaiser?

STATEMENT OF MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE

Mr. KAISER. Good morning, Chairman Engel, Ranking Member Burton and members of the subcommittee. I am pleased to be here today to discuss the FBI's involvement in the Merida Initiative.

Modern gangs increasingly attempt to spread their influence and operate across State lines and international borders. Through years of experience in combating transnational organized criminal groups, the FBI understands it is imperative we work closely with our national and international law enforcement partners to disrupt the illegal activities of these international gangs and dismantle their violent criminal enterprises.

With this goal in mind, the FBI launched the MS-13 National Gang Task Force in 2004 to coordinate and support local, State, Federal and international law enforcement operations and prosecutions. Since that time the FBI has collaborated with law enforcement entities throughout Central America in an effort to improve our knowledge base, gather accurate and actionable intelligence, and improve communications and coordination.

The Merida Initiative enhances the Bureau's longstanding efforts to enable Mexico and the countries of Central America to build their capacity to fight organized crime and drug trafficking, thus improving regional security and stability.

With the significant support and funding of the Initiative, which will allow the FBI to sharpen its focus on cross-border collaboration, the Bureau will be better equipped to investigate international criminal organizations such as the MS-13 and 18 Street Gang. These expanding partnerships with our neighbors to the south have proven to be especially fruitful in the following two contexts: The Transnational Anti-Gang Task Force. The FBI's NGTF created and implemented, with funding from OCDETF, the Transnational Anti-Gang Task Force located in El Salvador to assist in combating the growing threat posed by transnational gangs and drug cartels in Latin America.

TAG combines the expertise, resources and jurisdiction of participating agencies involved in investigating and countering transnational criminal gang activity in the United States, El Salvador, Honduras, Guatemala and Mexico. The objective of TAG is to aggressively investigate, disrupt and dismantle gangs whose activities rise to the level of criminal enterprises.

Through information sharing and open communication with the participating countries, the TAG is in a position to acquire and disseminate valuable information previously unavailable to the U.S. law enforcement agencies. For example, as a direct result of close collaboration with the PNC of El Salvador, crucial leads for a gang-related homicide investigation in Miami were developed and an individual arrested by United States authorities on immigration charges was identified as being wanted for multiple homicides in El Salvador.

The TAG has extended the reach of U.S. law enforcement and set a foundation for effective two-way communication between participating countries.

The Central American Fingerprint Exploitation Initiative called CAFÉ. Another program specifically designed to enhance cooperation, communication and intelligence sharing throughout Mexico and Central America, is the Central American Fingerprint Exploitation Initiative.

CAFÉ was developed by the FBI to collect and store existing criminal biometric data and fingerprint records from Mexico, El Salvador, Guatemala, Belize and Honduras. Once acquired, biometric data and fingerprint records are incorporated into the FBI's CJIS database and made available to all U.S. local, State and Federal law enforcement agencies.

In addition, CAFÉ enables the participating countries to conduct digital fingerprint identification and analysis through the provision of hardware and training. Since May 2006, the FBI has compared over 60,000 criminal fingerprints from Mexico, El Salvador and Belize to United States fingerprint databases.

Analysis has shown that almost 10 percent of the individuals associated with these records have had contact with domestic law enforcement entities. Of the 50,000 fingerprint records from El Salvador, for example, 4,300 were positive matches in our database.

Sharing such information across our borders is crucial for effective transnational investigations.

We have an officer exchange program. The FBI has partnered with the LAPD, the Los Angeles County Sheriff's Department and the El Salvador police to develop an international exchange program designed to enhance information/intelligence sharing and encourage constructive discourse with regard to best practices in gang investigations.

NGIC, the National Gang Intelligence Center. The FBI led NGIC is comprised of representatives from numerous law enforcement, intelligence and defense agencies. As a result of its far reaching bandwidth, the NGIC is a critical tool for the sharing of information. Intelligence derived from the above discussed initiatives and programs is provided to NGIC for analysis and dissemination. The primary consumer of NGIC information is the GangTECC, which is a multi-agency center co-located with NGIC.

Conclusion. The Merida Initiative will help greater information sharing and collaboration between the United States, Mexico and the countries of Central America. The programs discussed above, as well as others, will continue to provide a better understanding of the gang problem on a regional basis.

By working together through these partnerships, we are creating a force multiplier to make use of combined resources in the most effective way.

Thank you, Chairman Engel.

[The prepared statement of Mr. Kaiser follows:]

PREPARED STATEMENT OF MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE

Good morning Chairman Engel, Ranking Member Burton, and members of the Subcommittee. I am pleased to be here today to discuss the FBI's involvement in the Merida Initiative.

Modern gangs increasingly attempt to spread their influence and operate across state lines and international borders. Through years of experience in combating transnational organized criminal groups, the FBI understands it is imperative we work closely with our national and international law enforcement partners to disrupt the illegal activities of these transnational gangs and dismantle their violent criminal enterprises.

With this goal in mind, the FBI launched the Mara Salvatrucha (MS-13) National Gang Task Force (NGTF) in 2004 to coordinate and support local, state, federal, and international law enforcement operations and prosecutions. Since that time, the FBI has collaborated with law enforcement entities throughout Central America in an effort to improve our knowledge base, gather accurate and actionable intelligence, and improve communication and coordination.

THE MERIDA INITIATIVE

The Merida Initiative enhances the Bureau's long standing efforts to enable Mexico, and the countries of Central America, to build their capacity to fight organized crime and drug trafficking, thus improving regional security and stability. With the significant support and funding of the Merida Initiative which has allowed the FBI to sharpen its focus on cross-border collaboration, the Bureau is better equipped to investigate international criminal organizations such as the MS-13 and 18th Street Gangs. These expanding partnerships with our neighbors to the South have proven to be especially fruitful in the following two contexts.

Transnational Anti-Gang Task Force

The FBI's NGTF created and implemented, with funding from the Organized Crime Drug Enforcement Task Force (OCDETF), the Transnational Anti-Gang (TAG) Task Force to assist in combating the growing threat posed by transnational

gangs and drug cartels in Latin America. TAG combines the expertise, resources, and jurisdiction of participating agencies involved in investigating and countering transnational criminal gang activity in the United States, El Salvador, Honduras, Guatemala, and Mexico. The objective of the TAG is to aggressively investigate, disrupt, and dismantle gangs whose activities rise to the level of criminal enterprises. Through information sharing and open communication with the participating countries, the TAG is in a position to acquire and disseminate valuable information previously unavailable to U.S. law enforcement agencies. For example, as a direct result of close collaboration with the Policia Nacional Civil of El Salvador, crucial leads for a gang-related homicide investigation in Miami were developed, and an individual arrested by U.S. authorities on immigration charges was identified as being wanted for multiple homicides in El Salvador. The TAG has extended the reach of U.S. law enforcement and set a foundation for effective two-way communication between participating countries.

Central American Fingerprint Exploitation Initiative

Another program specifically designed to enhance cooperation, communication, and intelligence sharing throughout Mexico and Central America is the Central American Fingerprint Exploitation Initiative (known as CAFE). CAFE was developed by the FBI to collect and store existing criminal biometric data and fingerprint records from Mexico, El Salvador, Guatemala, Belize, and Honduras. Once acquired, biometric data and fingerprint records are incorporated into the FBI's Criminal Justice Information Services (CJIS) database and made available to all U.S. local, state, and federal law enforcement agencies. In addition, CAFE enables the participating countries to conduct digital fingerprint identification and analysis through the provision of hardware and training.

Since May 2006, the FBI has compared over 60,000 criminal fingerprints from Mexico, El Salvador, and Belize to U.S. fingerprint databases. Analysis has shown that almost ten percent of the individuals associated with these records have had contact with domestic law enforcement entities. Of the 50,000 fingerprint records from El Salvador for example, 4,300 records were positive matches in our databases. Sharing such information across our borders is crucial for effective transnational investigations.

INTELLIGENCE SHARING AND COORDINATION

To maximize the benefit from the above discussed initiatives, the FBI has coordinated the implementation and administration of the following intelligence sharing vehicles.

Law Enforcement Online (LEO)

The FBI's NGTF administers a LEO website providing user-friendly anytime and anywhere electronic communication which offers secure transmission of sensitive but unclassified global intelligence. The NGTF has a LEO Special Interest Group that allows authorized LEO subscribers to securely share information, view NGTF initiatives, support investigative operations, send/post notifications and alerts, exchange intelligence, review MS-13 global trends, view/download NGTF intelligence products and PowerPoint presentations, add subscriber comments/suggestions, review specialized training, obtain resources, have real time secure discussions, as well as many other functions. This website allows secure communication between the applicable law enforcement entities in the United States and the participating agencies in Central America.

Officer Exchange Program

The FBI has partnered with the Los Angeles City Mayor's Office, Los Angeles County Sheriff's Office (LASO), the Los Angeles Police Department (LAPD), and the Policia Nacional Civil (PNC) of El Salvador to develop an international exchange program designed to enhance information/intelligence sharing and encourage constructive discourse with regard to best practices in gang investigation and dismantlement.

Specifically, officers of the PNC gang unit, Centro Antipandillas Transnacional (CAT), will be assigned to LAPD and LASO for 30 days, participating in training and organized periods of observation with each agency. The schedule will include familiarization with community policing programs, youth recruitment prevention initiatives, gang enforcement and patrol, gang member identification and database configuration, and task force design and management.

National Gang Intelligence Center (NGIC)

The FBI led NGIC is comprised of representatives from numerous law enforcement, intelligence, and defense agencies. As a result of its far reaching bandwidth, the NGIC is a critical tool for the sharing of information. Intelligence derived from the above discussed initiatives and programs is provided to NGIC for analysis and dissemination. In addition, NGIC officials input transnational gang member data into the Violent Gang Terrorist Organization File (VGTOF) to ensure the widest possible dissemination of intelligence concerning these violent gang members.

Among the primary consumers of NGIC generated intelligence is the Gang Targeting, Enforcement and Coordination Center (GangTECC), a multi-agency center co-located with NGIC designed to serve as a critical catalyst in a unified federal effort to disrupt and dismantle the most significant and violent gangs. Senior Gang TECC investigators come from the FBI, the Bureau of Alcohol, Tobacco and Firearms (ATF), the Drug Enforcement Administration (DEA), Immigration and Customs Enforcement (ICE), the United States Marshals Service (USMS) and the Bureau of Prisons (BOP). These investigators work together to achieve maximum impact at the national level against the most violent gangs in this country.

OCDETF Fusion Center

The FBI is a member of the OCDETF Fusion Center, which was developed to collect and analyze drug trafficking and related financial investigative information and to disseminate investigative leads throughout the FBI and to other OCDETF participants.

CONCLUSION

The Merida Initiative has fostered greater information sharing and collaboration between the United States, Mexico, and the countries of Central America. The programs discussed above, as well as others, will continue to provide a better understanding of the gang problem on a regional level. Combating violent crime and gangs is a priority of law enforcement throughout this hemisphere. By working together through these partnerships, we are creating a force multiplier to make use of combined resources in the most effective way possible.

Thank you Chairman Engel and members of the Subcommittee for the opportunity to testify today concerning this important initiative. I am happy to answer any questions you may have.

Mr. ENGEL. Thank you, Mr. Kaiser.
Mr. Placido?

STATEMENT OF MR. ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR AND CHIEF OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

Mr. PLACIDO. Yes. Good morning. Let me add my voice to the chorus of folks at this table thanking the chairman, the ranking member and the subcommittee for holding this important hearing on a subject that DEA believes is truly important and very timely. I would also like to thank you on behalf of the men and women of DEA for your continued support.

I would ask that my formal statement be admitted for the record, and I would make some abbreviated comments now.

The Merida Initiative has been designed to complement existing U.S. law enforcement strategies. Merida funding, if approved, would provide Mexico and Central American authorities with additional resources for intelligence, enforcement and counterdrug activities, enhancing their ability to work cooperatively with each other and with United States agencies.

There is no funding requested in the Merida Initiative for law enforcement within the United States. DEA's counterdrug activities within the United States and in other foreign countries will be complemented and enhance the capabilities that the Merida Initiative would provide.

Drug trafficking is fundamentally a transnational business. The overwhelming majority of illicit drugs abused in the United States arrive from foreign locations. Money from domestic drug distribution flows back to foreign-based organizations that direct and finance this activity. As a result, DEA has long recognized the need to synchronize law enforcement activities in the United States with those in foreign countries.

Many years ago DEA changed its organizational structure and effectively abolished the Office of International Operations, choosing to address the drug threat in a more comprehensive or global manner that reflects current reality wherein it is assumed that virtually every investigation, every case if thoroughly investigated, will have both an international and a domestic component.

In fact, the DEA led multi-agency Special Operations Division, or SOD as it is known, is the centerpiece of our enforcement program. SOD identifies connections between investigations being conducted by different agencies or distinct parts of agencies often in different countries and links these efforts together into coherent, well-coordinated multi-agency operations that systematically attack entire criminal organizations regardless of geography, jurisdiction or the agencies involved with specific parts of the case.

Enhancing the capabilities of our southern neighbors will improve this process, resulting in better intelligence and ultimately better enforcement operations on both sides of our southern border.

In the interest of brevity let me discuss just a few other DEA programs that would complement the Merida Initiative. You have heard a little already about the DEA led El Paso Intelligence Center. That center will soon have representatives from the Government of Mexico and the Government of Colombia within the four walls of the facility.

In addition, among the many projects that the El Paso Intelligence Center or EPIC does is one called Gatekeeper. This project uses an interagency team of U.S. analysts to systematically research, analyze and report information on these so-called gatekeepers who control entry corridors along the United States-Mexico border and tax the movement of drugs, illegal immigrants and other contraband that is smuggled across our frontier. This ongoing study forms the basis for operational targeting that has resulted in arrests in both Mexico and the United States.

DEA's Money Trail Initiative, formerly known as the Bulk Currency Initiative, began in October 2004. The Money Trail Initiative is a multi-agency, multi-jurisdictional initiative targeting various criminal organizations that smuggle multiple-millions of dollars in U.S. currency and other currencies out of the United States to further their criminal enterprise.

In support of this initiative, DEA, along with CBP and ATF, are working jointly to develop a robust license plate reader program. This could be a game changing technology, and it is currently being pilot tested at three checkpoints in south Texas—Falfurrias, Farr and Laredo. The program helps to develop intelligence that identifies and interdicts conveyances being used to transport firearms and bulk cash that are moving south into Mexico from the United States.

Yet another initiative, the International Drug Flow Attack Strategy, is an innovative multi-agency approach designed to significantly disrupt the flow of drugs, money and chemicals between the source zones and into the United States.

Operation All-Inclusive, which operates under the umbrella of the Drug Flow Attack Strategy, was developed to attack the flow on a regional scale with the objective of causing major disruption to the flow of drugs, money and chemicals between the source countries and the United States.

The Government of Mexico is already participating in this program and has made large scale deployments of police and military to channel illicit traffic in the specific corridors to enhance interdiction success on the United States side of the border.

In summary, DEA believes that authorization and funding of the Merida Initiative will provide a solid foundation for a new, fully integrated framework of law enforcement cooperation throughout the region. The timing is right as we are experiencing what may be a singularly unique opportunity to consolidate gains and advance counternarcotics objectives. And the plan was designed so it takes maximum advantage of what each country is already doing and builds upon existing successes.

Mr. Chairman, DEA remains steadfast in its commitment to international cooperation and full coordination of both our domestic and foreign counter drug operations. We will continue to share all the intelligence we can with our international partners.

Merida will provide these partners with the resources needed to act on this information and to facilitate this report of cooperative enforcement operations. With your continued help, we will do our best to confront this problem which threatens the health, safety and security of people all around the globe.

This concludes my statement, and I am at your disposal now or later to answer questions. Thank you.

[The prepared statement of Mr. Placido follows:]

PREPARED STATEMENT OF MR. ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR AND CHIEF OF INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, U.S. DEPARTMENT OF JUSTICE

INTRODUCTION

Chairman Engel, Ranking Member Burton and Members of the Subcommittee, on behalf of the Drug Enforcement Administration's (DEA's) Acting Administrator Michele Leonhart, I want to thank you for your continued support of the men and women of DEA. I would also like to thank you for the opportunity to testify today on DEA's enforcement efforts against major drug trafficking organizations.

As this Committee well knows, modern drug trafficking organizations do not limit their criminal enterprises to one geographic area. Successful criminal investigations require the close cooperation and information sharing between a wide variety of law enforcement organizations in multiple countries and jurisdictions. DEA is proud of its role in this effort. Working together with our interagency and international partners, we are working diligently to stem the flow of illicit drugs entering the United States and depriving those criminal organizations of their ill-gotten gains.

OVERVIEW

Prior to addressing the Merida Initiative, it is important to view the overarching drug threat within a broader context. The objective of drug trafficking is profit, and this illicit business is enormously profitable. The United Nation's Office on Drugs and Crime (UNODC) estimates that the global retail market for drugs is approximately \$320 billion per year. This effectively places more resources under the collective control of drug trafficking organizations than nearly 90% of the world's national

governments individually have at their disposal for all needs, let alone for countering the drug threat. Approximately 200 million people, or about 5% of the world's population between the ages of 15–64 years of age, are believed to have abused drugs within the last twelve months.

However, even numbers of this magnitude tell only part of the story. The consequences of drug trafficking and abuse can also be measured in lives. The Center for Disease Control estimates that approximately 34,000 people in the U.S. died in 2005 as a direct result of drug abuse. Millions of Americans are addicted or dependent on drugs, and tens of millions more suffer as they watch loved ones squander productive capacity and human potential. Drug abuse and trafficking fuels crime and violence, abuse and neglect, and causes significant environmental damage.

Beyond these losses, drug trafficking is responsible for the corruption of public officials and institutions, diminished respect for the rule of law and the loss of confidence in government institutions, undermining democratic governance and eroding political stability. Moreover, drug trafficking organizations, left unchecked, all too frequently become so powerful that they effectively challenge the authority of legitimate governments and their institutions. In an age when we are increasingly concerned about the spread of terrorism and the proliferation of weapons of mass destruction, it is imperative that we support and strengthen government institutions, particularly those of our immediate neighbors.

Within this broad context, DEA believes that Mexico and Central America play critically important roles in the U.S. counter-drug strategy. Mexican drug trafficking organizations dominate the U.S. inter-agency list of Consolidated Priority Organization Targets (CPOTs), effectively drug Kingpins, which represent the most significant threats to the U.S. and its interests around the globe. Today, 41 of the 46 organizations on the CPOT list are based in Latin America. Of this total, sixteen or 35 percent are Mexican drug trafficking organizations.

The role of Mexico in U.S. counter-drug policy is unique based on geographic proximity and a large shared land border and because Mexico produces much of the methamphetamine, heroin and marijuana consumed by Americans. Additionally, the vast majority of cocaine destined for domestic consumption transits Central America and enters the U.S. from Mexico. The U.S. interagency community estimates that approximately 90 percent of the cocaine entering the U.S. currently transits Mexico. Evidence demonstrates that seizures of cocaine in transit to Mexico are most usually measured by the metric ton, while seizures of cocaine in the U.S. that originated from Mexico are regularly less than 100 pounds, indicating that traffickers view Mexico as a safe haven for the storage of these large drug shipments.

In addition to the important role Mexico plays with regard to the cultivation, production and movement of drugs, NDIC estimates that \$8–\$24 billion in bulk currency, which represents the proceeds of illicit drug trafficking, is smuggled out of the U.S. and into Mexico to fuel the next round of production and to fund criminal drug trafficking organizations. Accordingly, it is difficult to overstate the importance of our Central American and Mexican neighbors to U.S. counter-drug policy.

The Administration of Mexican President Calderon has taken dramatic and positive steps to address the drug problem, including the mobilization of tens of thousands of police and military forces to target all of the major drug trafficking cartels. The Mexican Government has conducted more than 80 extraditions to the U.S. in 2007 alone, including several high level narcotics suspects. Mexico has also have taken bold regulatory actions to curtail the flow of essential chemicals used in the production of methamphetamine, and are collaborating and cooperating with U.S. law enforcement as never before.

However, the traffickers are resisting and are engaged in a violent struggle with the Mexican government as well as each other, as they fight over what they perceive to be a shrinking market. Open-source reporting indicates that during the first 15 days of January 2006, immediately following the inauguration of President Calderon, Mexico recorded 80 drug related murders. This number rose to 90 during the first two weeks in 2007, and 111 during the first 15 days of January, 2008. The U.S. Embassy in Mexico reports that in the first eleven months of 2007, approximately 250 Mexican law enforcement officers were murdered as compared to 120 for the same period in 2006. Several of these murders have been sensational, including the beheading of a police officer with his head placed on a pike in front of the police station, presumably as a sign to warn other officers that they should learn to “respect” the traffickers. In contrast, with a significantly larger population, the U.S. recorded twelve (12) police officers killed in the line of duty during all of 2007.

As the lead U.S. law enforcement agency responsible for confronting the illegal drug trade, DEA has been at the forefront of U.S. efforts to work with foreign law enforcement authorities, including the governments of Mexico and Central America. DEA believes a key element of our success in addressing this challenge is our ability

to combine our domestic enforcement efforts with our international presence, effectively creating defense in depth. Our enforcement efforts require a system of well-coordinated international and domestic investigations that combine intelligence, operational and regulatory resources of the United States with those of our international partners.

Among our international partners, the recent actions by our Mexican counterparts to comprehensively address the drug problem has been clear and decisive; the Government of Mexico's commitment has been demonstrated in both words and deeds since the earliest days of the Calderon Administration. These activities would actually reduce opportunities for corruption and human rights abuses by strengthening the capacity to investigate, collect and use evidence and move an arrest through to conviction, without the heavy reliance on confession-related convictions. While we have identified key counterparts and specially trained vetted units that are both reliable and competent to address the threats posed by illegal drugs, the broader systems need reform and support. The Merida Initiative provides this much needed support to address what may be a singularly unique opportunity to consolidate gains and advance counter-drug objectives.

The Merida Initiative

On October 22, 2007, President Bush requested \$550 million in emergency supplemental funding to support the Merida Initiative. An additional \$550 million was requested in the President's FY2009 budget. The main goals of this Initiative are to break the power and impunity of criminal organizations, assist the Governments of Mexico and Central America in strengthening border, air, and maritime controls from the Southwest border of the United States to Panama, improve the capacity of justice systems in the region to conduct investigations and prosecutions, implement the rule of law, protect human rights, sever the influence of incarcerated criminals with outside criminal organizations, curtail gang activity in Mexico and Central America, and diminish the demand for drugs in the region.

The Merida Initiative not only seeks to provide our regional partners (Mexico and Central America) with the tools necessary to assist them in this fight but also looks to integrate and complement what each nation is doing within its own territory. Additionally, the Merida Initiative has been designed to complement existing U. S. Government law enforcement strategies, such as the Southwest Border Counter-narcotics Strategy and the U.S. Strategy to Combat Gangs from Central America and Mexico. By coordinating each nation's domestic efforts, working jointly through improved bilateral and regional cooperation and communication, and providing additional resources and support to Mexico and Central America.

DEA believes full funding of the Merida Initiative will serve as a solid foundation to establish a new, fully integrated framework of cooperation for law enforcement partnership through the region. Our timely support to our partners in funding and aggressive action on our side of the border gives us the best opportunity we have had in years to make serious inroads in dismantling these criminal organizations and reducing the violence on both sides of the border. Funding the Merida Initiative will strengthen DEA's partners in Mexico, allowing enhanced cooperation and information sharing as we target the drug trafficking organizations threatening the people of both our nations. These enhanced efforts will not only assist DEA operations along the Southwest border, but increased law enforcement capacity in Mexico and Central America will strengthen DEA operations across the board.

The President's Supplemental FY-2008 Budget Request calls for \$500 million for Mexico and \$50 million for Central America under the Merida Initiative. Funding under this request is aggregated under three general categories to include: Counter-Narcotics, Counterterrorism and Border Security; Public Security and Law Enforcement; and finally, Institution Building and Rule of Law. My testimony will attempt to address how this funding will enhance ongoing cooperative efforts or establish new programs that would directly involve DEA.

Counter-Narcotics, Counterterrorism and Border Security (\$322.89m)

DEA is pleased that a significant portion of this budget request is dedicated to helping Mexico and the Nations of Central America address the complex challenges associated with the drug threat. In fact, the request calls for a total of nearly \$323 million of the \$550 million request to address this area.

While we have seen a remarkable demonstration of political will—particularly by the Calderon Administration—to address the drug problem, there are many complex issues that make it difficult to succeed. From DEA's perspective, these issues can be grouped together under the headings of integrity assurance and capability. Effective counter-drug operations require law enforcement organizations to share sensitive information among and between a variety of organizations that represent dif-

ferent constituencies. In a perfect world, the agencies with whom this sensitive intelligence is shared would then have the capacity to act in ways that disrupt and/or dismantle the criminal organizations engaged in the activity. Regrettably, the police organizations with whom DEA works are challenged on both fronts and must simultaneously address the issues of corruption and capacity building. In the Mexican context, the issue becomes more complex because President Calderon has called upon the Mexican military to take a very active role in the counter-drug program. This requires extensive coordination not only between Mexico's military and civilian security services but also among and between various U.S. and Mexican agencies.

In Mexico, DEA works with a congressionally funded Special Investigative Unit made up of approximately 227 police officers assigned to thirteen locations around the country. There is another congressionally funded SIU in Guatemala and "vetted" units in every other country in Central America, with the sole exception of Costa Rica. These units form the backbone of DEA's efforts throughout the region, because they have been carefully screened to assure their integrity and have received special training to enhance their individual and unit capabilities. The Merida Initiative does not call for new SIU or vetted units, nor increased staffing to the existing units. However, funding from this initiative could provide additional capabilities that could assist these units including air mobility, surveillance, drug detection, and information systems. It should be noted that the majority of these funds are destined for Mexico's military which does not currently have a close working relationship with DEA, but does work with other components of the U.S. Government. DEA believes that it will be imperative that Mexico develop protocols and procedures to assure that resources made available under this request support both Mexico's military and civilian security services.

The request includes \$208.3m to procure eight transport helicopters (Bell 412s, at \$10m each, with a \$24m logistics, spare parts, and training package); 87 handheld ion scanners for the Air Force/Army (SEDENA); two surveillance planes (CASA CN-235-300, at \$50m per aircraft, outfitted similar to the U.S. Coast Guard's medium range surveillance aircraft) for the Navy (SEMAR); equipment to outfit two citation aircraft for the Office of the Attorney General (PGR). Perhaps the most significant element in this package is to give the government of Mexico a night-time flight capability that could provide a viable endgame which our counterparts currently lack.

The request also includes \$31.3m to help the National Migration Institute (INAMI) expand and modernize its immigration database and document verification system, digitalize immigration forms, and equip and train personnel in rescue and safety response techniques to be used along Mexico's southern border. This information has the potential to provide a great deal of investigative lead information, would benefit in the identification of wanted subjects, and assist in tracking the movements of traffickers. Approximately \$25.3m is requested to establish a secure communications system for Mexican national security agencies and procure inspection systems for key mail facilities.

\$2m is requested to expand the Office of the Attorney General's work on the Operation Against Smugglers (and Traffickers) Initiative on Safety and Security (OASISS) to identify and prosecute violent human smugglers along the U.S./Mexico border. The enhancement of these programs in Mexico will benefit DEA investigations.

The \$31.5m requested to procure non-intrusive inspection equipment (scanners, x-ray vans) and canine detection training to support Customs' interdiction efforts at points of entry should deter smuggling through established ports of entry and generate investigative leads that could be shared with Mexico's investigative agencies. The \$7.9m requested to expand interconnectivity for the Intelligence Service's database, procure an operating system for a secure communications network, and provide data management and forensic analysis tools is essential if different entities within the government of Mexico are to collaborate and cooperate more effectively. Again, this enhanced capacity for Mexican law enforcement will also benefit DEA investigations.

Public Security and Law Enforcement (\$81.7m)

Our own experience in the United States has taught us that effectively combating the drug problem requires cooperation at all levels of law enforcement from the local cop on the beat to specially trained and resourced investigative organizations that focus exclusively on transnational narcotics trafficking. While many of the Central American countries have a single unified National Police agency, Mexico has distinct federal, state and municipal police agencies. Mexico is not only attempting to consolidate multiple federal agencies into a single law enforcement agency, they are also attempting to design a system that, over time, will allow state and local police agencies to become part of the comprehensive solution to drugs and violence.

Presently, Mexico's state and municipal police lack the jurisdiction or authority to investigate drug crime. The funding requested under this heading would help Mexican and Central American police agencies at all levels (federal, state and municipal) to maintain order and deal with the violence and crime generated by drug trafficking. This request also helps Mexico consolidate its federal police into a single entity that is geographically dispersed, yet interconnected through technology systems, and is more capable of addressing the insidious problems of drugs and violence.

The Central American request includes approximately \$10m to deal with anti-gang efforts and related community outreach, another \$2.3m for immigration related issues, and \$2m for regional training by the International Law Enforcement Academy based in El Salvador. With respect to Mexico, the initiative requests \$30m to procure non-intrusive inspection equipment (scanners, x-ray vans) for the Federal Police (SSP), and funding to establish new canine detection teams to be used for drug inspections. Approximately \$6m is requested for security improvements (armored vehicles at \$120,000 each, radios, ballistics vests/helmets, training, and associated equipment) to protect law enforcement personnel investigating criminal organizations. \$5m is requested to help the Financial Intelligence Unit's (FIU) anti-money laundering efforts by upgrading its computer infrastructure and data analysis tools, while \$15.1m is requested to extend the reach of Mexico's demand reduction activities by providing the Secretariat of Health with computer hardware and software to create a nationwide network, that will serve as the backbone of Mexico's broader networking effort to link NGOs and other non-state actors in demand reduction and rehabilitation.

Institution Building and Rule of Law (\$108.3m)

While DEA's statutory responsibilities focus on identifying, investigating and arresting those who violate U.S. drug laws, we fully appreciate that we operate within a broader context that presumes the existence and integrity of a variety government institutions. These include honest and capable law enforcement organizations; competent and adequately financed prosecutors; a judiciary that dispenses justice; and a penal system capable of humanely confining those convicted of crimes. As difficult as it may be to identify and arrest drug violators, it is potentially far more difficult to build or reform institutions or create respect for the rule of law.

Despite the enormity of this task, we acknowledge that it is essential for the long-term success of our endeavors. We cannot extradite every drug criminal, nor can we long tolerate a lack of control that effectively creates a haven for criminals in our interconnected world. Experience has taught us that both drug traffickers and terrorists thrive in ungoverned or poorly governed areas. We must all recognize that the enormous profits and intense violence associated with drug trafficking has put the institutions of Mexico and Central America under considerable stress. Corruption, fueled by drug proceeds, undermines public confidence and results in a wide array of problems ranging from arrests not made to the escape of convicted criminals. Where bribery is unsuccessful, our criminal adversaries are prepared to do violence. In fact, violence against law enforcement and prosecutors has become so commonplace that there can be difficulty recruiting qualified candidates to do this important but dangerous work.

The initiative requests \$60.7m to revamp information management and forensics systems for the Office of the Mexican Attorney General, and provide training in courts management, prison management, asset forfeiture, and police professionalization, as well as to provide support for anti-gang and anti-organized crime units, victim/witness protection, and extradition training. Approximately \$5m is requested to support the Office of the Attorney General Forensics Institute, essentially providing enhanced forensic analysis of evidence collected by police and prosecutors. \$19.9m is requested to help the Office of the Attorney General digitalize all aspects of prosecutors' functions, provide a case management system, and rebuild its database structure. The plan requests \$15m towards programs promoting anticorruption, transparency, and human rights. The cost of U.S. personnel, administration and budget services to support programs and equipment procurement processes directly tied to the foreign assistance package for Mexico is \$37M.

CONCLUSION

The challenges presented by the drug trafficking organizations in the United States and Latin America are significant. In comparison to the seizures on the Southwest Border of the United States, which are frequently in the 50 kilogram range, drug seizures in the transit zone are often multi-ton in size, indicative of a strategy by traffickers to minimize losses. The DEA recognizes that interagency cooperation and coordination is fundamental and key to our success in combating drug

trafficking organizations operating within the U.S. The DEA strongly believes we must take an offensive approach to prevent bulk drug shipments from moving further into the transportation chain where fragmentation occurs, in most instances on the Mexican side of the Southwest Border. Law enforcement in Mexico and Central America must have the resources that were once available in the Western Caribbean and Eastern Pacific if we are to be successful against these drug trafficking organizations.

DEA's investigative efforts will continue to be directed against the major international trafficking organizations and their facilitators at every juncture in their operations—from the cultivation and production of drugs in foreign countries, to their passage through the transit zone, to their eventual distribution on the streets of our Nation's communities. We will also direct our efforts against those affiliates who supply precursor and essential chemicals and provide financial services to these organizations.

The longstanding bilateral law enforcement relationships in Latin America have proven to be key to DEA's success. Bringing to the criminal and civil justice system of the United States, or any other competent jurisdiction, those organizations and principal members of organizations involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit trafficking in the United States, will remain the core of our focus. Formalized agreements necessary for bilateral working relationships and non-politicization of one of the worlds common endeavors—the elimination of the illicit drug trade—will bring the United States and the nations of Latin America closer to this objective.

Mr. Chairman, I appreciate the opportunity to appear before you today to discuss this important issue and I will be happy to answer any questions that you may have.

Mr. ENGEL. Thank you very much. That concludes our testimony.

I want to acknowledge that during the testimony some of our colleagues have come. I want to acknowledge Mr. Meeks, Mr. Gallegly and Mr. McCaul, who have all come in.

I am going to ask one question, and then I am going to turn it over to Mr. Burton to ask a series of questions. Let me just ask you, Mr. Burns. In the October 22, 2007, joint United States-Mexico statement on the Merida Initiative it was stated, and I am quoting, "that the U.S. will intensify its efforts to address all aspects of drug trafficking, including demand related portions."

As I mentioned in my opening statement and as you know, the administration's own budget for treatment, services and research has declined over the past few years both in nominal and inflation adjusted dollars. In fact, funding for domestic drug prevention and treatment programs has been steadily declining since Fiscal Year 2005 and, as I mentioned in my opening statement, was just cut by another \$73 million in the President's just released Fiscal Year 2009 budget.

So let me ask you. Why are we cutting demand side spending at a time when we have promised the Mexican Government to intensify our efforts on the demand side of the drug war? This seems to me like no way to show our commitment to our partners in Mexico, Central America and elsewhere who are combating narcotraffickers on a daily basis.

Finally, let me ask you. With this decline in funding on the demand side, how can the U.S. possibly respond to its commitments outlined in this October 22, 2007, joint statement on the Merida Initiative?

Mr. BURNS. Thank you, Chairman Engel. The reality is there is good news on the demand side. The monitoring in the future survey is the report card that we use to determine the drug use levels among our youth.

Marijuana is down 25 percent since 2001; ecstasy, 54 percent; LSD, 60 percent; methamphetamine, 64 percent. Steroid use is down 33 percent. Even alcohol and tobacco use among young people is down. We think the administration has made a large commitment on all fronts, a balanced strategy—prevention and education, treatment and law enforcement.

The President's 2009 request for treatment and for prevention is almost \$5 billion. Five billion dollars is \$1.3 billion more than domestic law enforcement, and it is \$1.2 billion more than interdiction.

We have asked each year for more money for drug courts. Until this last year it hasn't been funded. When John Walters came in as the drug czar of the United States he had a \$140 million budget for the national youth anti-drug media campaign, possibly the only effort in this country to send positive messages to parents and to teens. That was cut last year to \$60 million.

So we believe, A, there have been successes and, B, that the administration has made a commitment, a strong commitment, to treatment and prevention.

Mr. ENGEL. But again a cut of \$73 million at a time when we are announcing this initiative and saying that we are committed and we are going to do whatever we can it seems to me is sending conflicting signals, so why would we want to have a budget that cuts \$73 million at a time when we are saying that we are intensifying our efforts?

Mr. BURNS. As you know, Mr. Chairman, we are at war. With just about every program that we at the National Office of Drug Control Policy deal with, we are looking to tighten our belt on almost every fund.

We are also trying to act strategically. The one area of abuse that is up and up significantly is prescription drug abuse. Six-point-four million now of 20 million are abusing prescription drugs. That doesn't have anything to do with Merida or Mexico. We have now focused our efforts on dealing with that particular issue.

One in ten 12th-graders last year abused Vicodin. One in five 12th-graders abused Oxycontin. So rather than looking at dollar amounts and comparing that to what we believe the commitment of the administration is, we believe that we have to act strategically with the money that is available.

Mr. ENGEL. Well, let me just finally say, Mr. Burns, I know we are at war, but I think we are also at war in the war on drugs, and I think that it is just not convincing to me to have the administration cut funding at a time when we are saying that we are having a grand initiative.

Mr. Burton?

Mr. BURTON. Thank you, Mr. Chairman. I am not going to ask too many questions. I just have a couple of comments I would like to ask. Then I will ask two or three questions and yield to my colleagues.

I can't tell you how many of these hearings I have been to. I was a State representative, a State senator, and I have been in Congress now for 25 years, and I bet I have been to several hundred of these hearings.

I get so frustrated because we come up with new ideas and new approaches, and the problem never goes away. Education has helped, but it hasn't solved the problem. More money thrown at it has helped, but it hasn't solved the problem. In fact, the overall problem seems to be consistent or escalate.

It seems to me that one of the things that we need to do, and I know you are all working toward that end and I appreciate your hard work. I know it has to be frustrating for all of you. We have to get these other governments to work with us and then attack, attack the base of operations of these organizations. We have to go after them like we did when we went after Pablo Escobar.

I know that is very, very difficult. We have to find government leaders who are willing to really risk their lives, because these drug leaders are going to go after them, to get really expert units to work with our units to go get them, to go get them and knock them off and to put them away permanently. That will send a very, very strong message.

Other than that, I think all the other things we are doing is in a defensive posture, of a defensive nature, and as a result we spend a lot of money and we do a pretty good job, but we still aren't winning the war against drugs. I have been fighting this battle along with you for almost 35, 40 years now.

So I am very concerned about that and I am very frustrated. I have talked about this many times and I am not sure that there is any easy answer other than to get leaders from these countries who have the intestinal fortitude to put together units that are going to work with our people to go after them and really, really, really put the fear of God into every single one of them.

You talk about these weapons coming out of the United States. I know that is a big problem. President Chávez of Venezuela just, I think, bought 100,000—or more than that—new weapons to replace old weapons he had, and of course those filter up from the south as well.

I would like to know if we really put the squeeze on these weapons going into Mexico if it is like pushing your finger into a balloon where it will pop out someplace else and will this really solve the problem. I would just like to have your answers on that.

I would like to also ask the DEA. You have had a long and troubled relationship with Mexico in some of these fights against illicit drugs. Do you feel that the climate really has changed and the co-operation is really going to be there with the Mexican Government, or is this just another step in the same direction we have been going?

Also, does the Merida Initiative include adequate funding and support for the effective and successful vetted units of the DEA working with Mexico?

Finally—I will let you answer them all at once; each one of you can pick up whichever ones you want to—we need to get this initiative in the supplemental budget and brought to a vote, so what is the number one suggestion that you think should be included in this initiative and how much is that going to cost? If you would let us know the answers to those questions I would really appreciate it.

I don't mean to sound like I am negative about what you are doing. I am very, very supportive of everything that you are trying to do. It is just that after hearing all these statements and being in all these hearings all these years it seems to me that until we are able to get the leaders of these other countries to say we are going to go after them with you, we are ready to put our SWAT teams, our military teams together with yours to go after them like they did with Pablo Escobar, I don't think you are ever really going to solve the problem, but I will continue to support you and do everything we can to help.

Mr. ENGEL. Do you want them to answer?

Mr. BURTON. Yes. I asked three questions there. The first question was what is the number one priority in this supplemental that you think should be in there. Number two, DEA has had problems with Mexico in the past. Is it really going to be any better, and does this initiative have adequate funding for the people in our units to deal with the problem.

Mr. ENGEL. Whoever would like to answer.

Mr. SHANNON. I am happy to start, Mr. Chairman and Mr. Burton. Thank you for your support. We recognize your tremendous support over the years, and it is important to us and it is important to our mission. I think this will be echoed by all my colleagues here at the table.

You highlighted that one of the biggest challenges we face, winning commitment from other governments to work with us, and I think one of the important aspects about Merida is that it reflects that and that it really is the Government of Mexico and the governments of Central America asking us for assistance in a way that they have never asked for assistance before and being prepared to coordinate among themselves and with us in a way that they have never coordinated before.

I think we are seeing an important political forum in Mexico and Central America, which is not only a commitment by leaders, but a commitment by populations. I believe the citizens of Mexico and the citizens of the Central American countries recognize that their democratic states are under assault, and they are under assault by organized crime and drug trafficking cartels and that there is I think a broad consensus and popular will to draw a line and to fight these organizations and cartels.

This is an important moment for us, and it is an opportunity that we cannot let pass because, as Mr. Placido noted, it is an opportunity for us to create, and I will quote him, "a fully integrated platform for law enforcement cooperation throughout the region."

This is the possibility that sits in front of us right now, and so it is one that we need to grab. In that regard, as we constructed the Merida Initiative and worked really in response to the identified needs of Mexico and the countries of Central America we attempted to do so in a comprehensive fashion and an integrated fashion, so it is difficult for us to pull out top priorities.

However, without a doubt the focus is on building the capacity of a democratic state to protect itself and building the capacity of civilian institutions, civilian law enforcement institutions and courts and prison systems to be able to identify, capture, prosecute,

charge and incarcerate criminals, especially organized criminals and members of drug cartels.

So in that regard those aspects that enhance the ability of civilian law enforcement institutions to function, that enhance their ability to share information, enhance their ability to move their personnel in a timely fashion, these are obviously priorities, but again I would like to stress that we attempted to build this in a comprehensive and integrated fashion.

I will turn to my colleagues to address your other questions.

Mr. ENGEL. Mr. Hoover?

Mr. HOOVER. If I may regarding your question of solving the firearms trafficking problem like putting your finger in a balloon, I will admit in the past it has been very difficult to track the firearms into Mexico. With the addition of our eTrace Web-based system in Mexico it is becoming increasingly better to track these.

Mr. Kumar, if I could get you to put the trafficking map up? The map, Dan. You also have this in the handout that we prepared.

By the entries tracing that we are doing with our counterparts in Mexico, we have daily contact through our Attaché office in Mexico City. We have daily contact through our agents assigned in Monterrey and our border liaison contacts that we have in each of our four border cities. We are able to put together information like this based upon the tracing that we are doing from the firearms in Mexico. We can then attack those specific trafficking corridors.

We can look at the source dealers for these firearms. If we look like we have an FFL that has an abnormal amount of traces coming back to him we can utilize various investigative techniques to try to stop that FFL from doing that. We will also utilize interdiction methods on those specific tracking routes.

We are gaining much more intelligence through our El Paso Intelligence Center, through our gun desk there, and I think it is becoming a little bit easier in sharing this information with Mexico City with the strides that we have made in meeting with them.

Since last March, we have met with them six times from headquarters to headquarters level through the various agencies, and we continue that. We just met with Senor Luna just a few weeks ago to discuss this same problem.

I hope that answered your question, and thank you.

Mr. ENGEL. Mr. Placido?

Mr. PLACIDO. Yes. Thank you for the question, Mr. Burton.

I have actively been following events in Mexico since 1985. I served as our regional director in Mexico City covering Mexico and Central America from 2000 to 2002, and I will tell you that in my professional career, which now I am in my 29th year, this is without question in my opinion the single best opportunity that we have ever had to work in a very productive, constructive manner with the Government of Mexico.

It is for real. The leadership that is down there now, I knew when I was there in 2002 before they occupied positions such as the Secretary of Public Security and the Attorney General. I think there is a real commitment. They are not just talking. They are demonstrating with deeds what they are doing.

In fact, the Attorney General of Mexico coined the month of October 2007 as Black October where they took more than 44 metric

tons of cocaine out of circulation. They have mobilized tens of thousands of security forces, both military and police, and they have extradited unprecedented numbers of people to the United States, including high level members of each of the major cartels in Mexico. So in my estimation, and I believe in DEA's estimation, the cooperation with Mexico is real. The opportunity to strike is now.

In terms of the vetted units, we currently have 227 vetted officers in Mexico disbursed over 13 cities in the area. We don't need more numbers of vetted units at this time. What we really need are investigative technology support mechanisms for them.

I would be glad to go into more detail in a private setting regarding that, but I think that is what we really need. The key to our vetted units' success is the ability of DEA agents to ride on the hips of these officers and be out there. We don't want the number of vetted unit officers to exceed our capacity to work with them, so what we are really looking for now is investigative technology and solutions that will help drive this.

One last comment in terms of the number one priority. We believe that the license plate reader initiative, which is on the U.S. side of the border and really couldn't be funded under this initiative, is a game changer.

It effectively takes the permanent checkpoints staffed by Border Patrol along the southwest border and installs cameras that photograph not only their license plates, but the drivers of those vehicles, runs them against a central repository and then, because these checkpoints are anywhere from 18 to 60 miles from the border, gives us the response time to interdict southbound currency and weapons going into Mexico.

We are pilot testing this project now in south Texas. There are three of them up and active, and they have been very, very successful. What we believe is necessary is, if you will, a line of these that spans the entire expanse of the southwest border with several mobile units that could be moved around as well.

Thank you.

Mr. ENGEL. Thank you. As you can hear, we have a series of four votes. What we will do is we will have one more question by Mr. Sires, and then we will recess until immediately after the votes.

Mr. Sires?

Mr. SIRES. Thank you, Mr. Chairman.

I know Mr. Burns made a statement before that we are at war, and I know that this Merida Initiative is a lot of money. Are there any efforts following the money that is spent, where it is supposed to be spent, that it is doing what we are supposed to be doing with this money? How do we keep track of this money that has been spent?

Mr. BURNS. I would refer that to Mr. Shannon, who is in on the negotiation not only of the terms, or Ambassador Lino, but the metrics and the performance measures.

Mr. SHANNON. Happily, sir, as we build this project and as we present it to the Congress the idea is that the vast majority of this money would be spent through INL accounts in the Department of State, working in tandem with those agencies that execute and implement on the ground.

First of all, the program does not involve transfer of funds. It involves transfer of equipment. It involves training. Therefore, the money actually is spent by the United States Government in the purchasing of items and the development of training programs.

It would also be spent through letters of agreement that we work out with the Government of Mexico that include accountability such as end use monitoring.

So we have, I think, a good experience with this in Mexico. We have a good understanding of how our programs are used, how equipment is used, and we believe that we can work with the Government of Mexico and the Governments of Central America to ensure accountability.

Also, at a political level because this is a public program, because of hearings such as this and because of the presence of press and diplomats, the people of Mexico and the people of Central America are aware of the debate. They are aware of the issues. They are aware of the kind of equipment that we are proposing to send and the kinds of training programs that we are proposing to deal with.

This actually enhances internal accountability in these countries because both their congresses and their populations at large will know that should the Congress decide to approve both the supplemental request and the 2009 budget request that their countries will be receiving a significant amount of goods and training and that they are going to be looking for results.

Mr. SIRES. Thank you.

Ambassador Lino, you made the comment before. You said you are still refining this package. Is that just language or anything that is going to be added to the package that is not here now?

Ambassador LINO. Well, the answer to that, Congressman, flows directly from what Ambassador Shannon was saying.

We have sent a number of validation teams, interagency validation teams, to go down and talk with the Mexican Government at the working level with the Central American Governments most recently at the working level to refine the package that is being put together to ensure not only that it makes sense from our side, but that it makes sense from their side.

Mr. SIRES. So when you say "refining," you are talking about more accountability?

Ambassador LINO. It is a process of developing the exact things that we will be doing with this funding, and accountability is a part of that, yes.

Mr. SIRES. As far as following up when we arrest these people that they are not out on the street 6 months later, do we have any kind of follow-up on the other side? How does that work?

I always hear these stories that you arrest this guy today and he is out on the street a week later. Is there any follow-up?

Mr. PLACIDO. Do you want me to take that? Yes. You will notice that in the first tranche of the Merida Initiative is a significant request for funding to promote the rule of law. It is money that we frankly don't invest on the back end which helps prosecutors, prison guards and the like and so I think there is a concerted effort in this package to build the support services that that police need.

It assumes that we have not only competent and trustworthy partners in the police, but that prosecutors who are adequately fi-

nanced and trained exist, that there is a justice system that actually dispenses justice and that there are prisons that can humanely incarcerate and warehouse the people who are arrested and convicted. That is all part of the plan, sir.

Mr. SIRES. Thank you, Mr. Chairman.

Mr. ENGEL. All right. I am going to cut it here in terms of a recess. We will vote and we will come back.

But before we recess I just want to acknowledge Guatemalan Ambassador Guillermo Castillo here. I know that he will be leaving Washington soon, but I want to let everybody know that I am pleased that he is here, and I think he has done a wonderful job for his country. Thank you, Mr. Ambassador.

We will be in recess until immediately after the four votes.

[Recess.]

Mr. ENGEL. Thank you. The hearing will resume. I thank the witnesses and the audience for its indulgence.

I now call on Mr. Gallegly for questions.

Mr. GALLEGLY. Thank you very much, Mr. Chairman.

I am not really sure who I need to ask this to. Perhaps it is the Ambassador or Mr. Burns. I would like to focus for a minute on the illegal immigration and criminal alien issue.

This past year the Inspector General of the Department of Homeland Security outlined in a report that there were 636,000 illegal immigrants who have evaded deportation orders. A large percentage of these criminal aliens are criminal aliens with very significant felony convictions or warrants.

I would think that they are probably a major part of some of the things that are going on in and around the border, and, while they are not all Mexican Nationals or Central American, I think the overwhelming majority, based on what research I have done, are either Mexican Nationals or from Central America.

Perhaps the Ambassador could give me the best shot on that. What specifically are we doing to focus on these absconders, and what success are we having? That is getting close to three-quarters of a million people.

Ambassador LINO. Understood. The deportation of aliens, whether criminal aliens or simply illegal migrants, is an issue that is handled by ICE.

I do have some ICE representatives here with me today, but we could provide you a more thorough answer in writing if you would like.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELTON GALLEGLY

While the Department of Homeland Security (DHS) as a whole has committed significant resources to preventing aliens from illegally entering the United States, significant resources have also been committed to arresting immigration law violators within the interior. Our immigration enforcement cannot begin and end at our borders and ports of entry. Effective immigration policing must also include robust interior law enforcement efforts to help ensure the safety and security of all Americans.

ICE's commitment to interior enforcement is highlighted by the fiscal year 2008 expansion of two of its major enforcement programs: The Criminal Alien Program (CAP) and the National Fugitive Operations Program (NFOP).

Criminal Alien Program:

The Criminal Alien Program is responsible for the identification, processing, and removal of criminal aliens incarcerated in jails and prisons throughout the United States, ensuring that they are not released into the community by securing a final order of removal prior to the termination of their sentence.

In June 2007, in an effort to focus CAP's finite resources on jails and prisons which house inmates who pose the greatest threat to public safety, CAP began a risk assessment of all jails and prisons in the United States. This assessment located, identified and evaluated 4,492 jails and prisons in the United States and assigned an overall score to each jail and prison based on a variety of risk factors. The risk assessment allows ICE to deploy valuable resources using a risk-based approach. CAP is currently funded for 119 teams, which includes 89 teams currently existing in the field and an additional 30 teams provided in FY 2008. The teams are focused on identifying, detaining, and removing criminal aliens.

CAP productivity is measured by the number of charging documents issued to aliens, which initiates the removal process. In FY 2006 CAP issued 67,850 charging documents. In 2007 CAP issued 164,296 charging documents. In the first quarter of FY 2008 alone, CAP has issued 56,191 charging documents. The increase in resources deployed and charging documents issued is indicative of the importance given by ICE to the issue of interior enforcement, specifically the issue of criminal aliens.

National Fugitive Operations Program

The National Fugitive Operations Program was established to address the burgeoning number of fugitive aliens present in the United States. An ICE fugitive is defined as an alien who has failed to depart the United States pursuant to a final order of removal, deportation or exclusion; or who has failed to report to a Detention and Removal Officer after receiving notice to do so. As of March 14, 2008, there were approximately 578,618 ICE fugitive aliens at large in the United States, according to Detention and Removal Operation's (DRO) Deportable Alien Control System (DACS).

ICE Fugitive Operations Teams (FOTs) are a crucial part of the agency's interior immigration enforcement mission. A critical element of this strategy is to identify, locate, arrest and remove criminal and fugitive aliens from the United States. On March 01, 2003, the first eight FOTs became operational. In FY07, the number of operational FOTs grew to 75. By the end of FY 2007, each of the 24 DRO Field Offices had at least one operational FOT. In FY08, Congress authorized an additional 29 FOTs, for a total of 104 teams. The FY08 enhancements are in the process of being fielded nationwide.

The Fugitive Operations Support Center (FOSC) in Burlington, VT, is a crucial part of ICE's comprehensive effort to reduce the fugitive alien population. Established in June 2006, the FOSC, through the use of technology and partnerships with law enforcement agencies, provides a specialized unit that focuses on analyzing the nature and characteristics of the U.S. fugitive alien backlog as recorded in the Deportable Alien Control System (DACS) and provides leads to the FOTs.

In FY07, the combined efforts of the FOTs and the FOSC resulted in, for the first time, a decrease in fugitive growth. According to the ICE DRO Deportable Alien Control System (DACS) there were 594,756 fugitive aliens in the United States on September 30, 2007, or 37,970 less fugitives than the population of 632,726 recorded on October 1, 2006. This decrease signified an incredible reduction in the explosive rate of growth recorded in recent years. In FY08, to date, there are approximately 578,618 ICE fugitive aliens at large in the United States, or 16,138 less fugitives than the population of 594,756 fugitive aliens on September 30, 2007, a total reduction of nearly 3% since the beginning of the fiscal year.

Mr. GALLEGLY. I would be happy to have that, and I think that gets right back to the issue of interior enforcement. We hear a tremendous amount of I think it is rhetoric on how tough we need to get on the borders, and while we all agree on that that is not a resolution.

Depending on whose numbers you use of those that are illegally in the country now, some focus on the 12-million figure, and that seems to be a figure that folks have been using for 6 or 7 years, which I think may be a tad antiquated. Some use a figure of 20 million. I think that is probably closer to the real facts.

Whether it is 12 million or 20 million or 8 million, the fact remains significant. I really want to know at some point whether it is ICE, Justice. Give me some information about really how serious we are about the interior enforcement and what impact it is having with these things that we are talking about today on the border.

Maybe you could give me something that we could share with the committee.

Ambassador LINO. Absolutely.

Mr. GALLEGLY. With unanimous consent perhaps we could get an understanding that whatever is conveyed to me from the Ambassador or from ICE that we could make a part of the record in the hearing, Mr. Chairman.

Mr. ENGEL. Yes.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE ELTON GALLEGLY

- In FY07, ICE implemented a comprehensive interior enforcement strategy focused on more efficient processing of apprehended illegal aliens and reducing the criminal and fugitive alien populations. Result: ICE removed a record 276,912 illegal aliens, including voluntary removals, from the United States.
- For the first time, ICE's DEPORT center made it possible to identify and screen criminal aliens incarcerated in federal prisons nationwide to ensure their removal upon the completion of their sentences. Result: 11,292 charging documents have been issued to criminal aliens housed in federal prisons.
- ICE targeted the infrastructure that supports the business of illegal immigration, including document and immigration benefit fraud, launching six new Document and Benefit Fraud Task Forces in cities nationwide. Result: ICE initiated 1,309 fraud investigations leading to a record 1,531 arrests and 1,178 convictions.
- In two years, ICE has quadrupled the number of Fugitive Operations Teams (FOTs) dedicated to identifying, locating and arresting fugitive aliens. FOTs increased from 18 in FY05 to 50 in FY06, to 75 in FY07. Result: ICE eliminated more than 100,000 fugitive alien cases and reduced the backlog of fugitive cases for the first time in history.
- ICE's Fugitive Operations Support Center (FOSC), a nationwide clearing house for information on fugitive cases, continued to make the processing of data on fugitive cases more effective. Result: The FOSC has resolved more than 73,000 open fugitive cases, allowing ICE to target those fugitives who are still at large.
- Through a more aggressive worksite enforcement strategy, ICE targeted the "jobs magnet" that attracts illegal aliens seeking employment in U.S. workplaces. Result: ICE dramatically increased penalties against employers whose hiring processes violated the law, securing fines and judgments of more than \$30 million while making 863 criminal arrests and 4,077 administrative arrests.
- ICE investigators worked to ensure compliance with the nation's immigration laws among student and exchange visitors and other nonimmigrant visitors to the United States. Result: 1,366 high-risk non-immigrant status violators were arrested.
- ICE investigated and dismantled the schemes that criminal and terrorist organizations use to earn, move and store illicit funding for their operations. Result: ICE launched 3,069 financial investigations, resulting in significant increases in arrests.
- ICE's Cornerstone initiative developed working partnerships and information-sharing strategies with private industry to target exploitation of U.S. financial systems by criminal organizations. Result: ICE Cornerstone liaisons conducted more than 1,250 outreach presentations to over 20,500 industry representatives.

- ICE turned its combined legal authorities on the dangerous human traffickers who exploit the vulnerable. Result: ICE human trafficking investigations led to 164 arrests and 91 convictions.
- ICE's targeting of violent transnational gangs was bolstered by an enforcement surge in the summer of 2007. Result: In FY07, ICE arrested a record 3,302 gang members and associates in cities nationwide.
- ICE targeted sexual predators who prey on children. Result: ICE arrests under Operation Predator topped 10,000 in June 2007.
- ICE's Law Enforcement Support Center (LESC) continued to serve as the national point of contact for providing immigration status and identity information on suspects detained by local, state and federal officers in the field. Result: The LESL responded to 728,243 requests for information from law enforcement officials.
- ICE's Forensic Document Laboratory (FDL) continued to provide forensic document analysis and training to a wide variety of agencies in the effort to combat travel and identity document fraud. Result: The FDL trained 3,810 federal, state and local officials in document analysis techniques and responded to 4,382 requests for analysis from the field.
- ICE increased the number of Border Enforcement Security Task Forces (BESTs).

Result: The task forces were responsible for 526 criminal arrests and 1,093 administrative arrests, along with seizures of \$2.5 million in cash and significant amounts of narcotics and weapons.

In each of these key areas and in many others, ICE enjoyed a high degree of success, while laying the groundwork for continued improvement in the months and years to come.

In addition to enforcing the immigration laws ICE continues to make progress in other interior enforcement areas:

- ICE continued efforts to combat drug smuggling organizations. Result: ICE investigations resulted in the seizure of 241,967 pounds of cocaine, 4,331 pounds of heroin, 2,731 pounds of methamphetamine and 1.3 million pounds of marijuana. Additionally, ICE investigations led to 8,920 arrests, 4,949 indictments and 5,539 convictions of individuals associated with narcotic violations.
- ICE continues to achieve new successes in intercepting illegal exports of weapons, military equipment and sensitive technology. Result: ICE made 188 arrests and secured 127 convictions in these national security investigations.
- ICE worked with international partners in law enforcement to target money laundering, bulk cash smuggling and cross-border trade fraud. Result: ICE Trade Transparency Units provided case support and coordination in transnational investigations and ICE agents provided training in combating cash smuggling schemes to more than 700 international partners.
- ICE's intellectual property rights investigations continued to combat the flow of counterfeit goods and products. Result: ICE made 235 arrests and secured 117 convictions in intellectual property fraud cases.
- ICE targeted the flow of precious cultural and historical artifacts. Result: ICE launched 51 cultural property investigations and made 15 seizures of high-value items.
- A new ICE initiative targeted unlicensed money services businesses that illegally transfer funds. Result: ICE investigations of unlicensed money service businesses yielded 39 arrests, 30 convictions and seizures of more than \$7.9 million.

Mr. GALLEGLY. Mr. Hoover, I note in your testimony—I am going to try to get just a little bit off of where we have been, but it seems like something that is pretty important.

You are talking about arms and the significance of being able to identify these arms through serial numbers and so on, and an inordinate number of them have the serial numbers ground off or filed off or whatever.

Is that a realistic understanding that I have from your testimony that that is a problem?

Mr. HOOVER. Yes, sir.

Mr. GALLEGLY. Has ATF ever to your knowledge explored—because I didn't go to law school so no one taught me you don't ask questions you don't know the answers to. I genuinely don't know the answer to this.

It would seem like in a time that we are making such great technological advances in so many areas is there a reason that we haven't or we can't have a relationship with gun manufacturers that provides a serialization of weapons that would make it very difficult to remove the serial number, perhaps where it might be placed on the weapon so that if you did try to take it off it would actually cause the weapon to be nonfunctional? Has anyone ever done any research on that?

Mr. HOOVER. Actually, sir, we have a serial number restoration program, and there are also regulations that we enforce with the manufacturers regarding just that; how the serial numbers are placed.

There are various techniques. One of the oldest is called acid etching where they are able to raise serial numbers even if they have been punched out.

Sometimes we don't get the entire serial number, but we get the vast majority of that serial number through these laboratory techniques and then we are able to use that to go back through the tracing system with the manufacturers and actually get those serial numbers.

Mr. GALLEGLY. This is not a new technology. This is something you have been using for years.

Mr. HOOVER. Yes, sir.

Mr. GALLEGLY. I am talking about when the placement of a serial number is right on the outside next to Smith & Wesson or whatever the manufacturer is, kind of like a license plate.

We have technology on our automobiles where there is a laser-embedded identification. It is virtually impossible to detect or perhaps could be placed—is there any work being done in that area technologically?

Mr. HOOVER. Not to my knowledge, sir, no. Not on the firearm. No, sir.

Mr. GALLEGLY. Does it sound like something that maybe someone might do a little research on somewhere down the line?

Mr. HOOVER. I can say, sir, that we would check into that.

Mr. GALLEGLY. Anyway, that is a layperson's question.

Along the issue, we talked a lot early on in this hearing about the number of weapons going south from California, from Arizona, from Texas.

Even I notice that Washington State had an inordinate number. I am assuming that the weapons from Washington State, are these also going south?

Mr. HOOVER. Yes, sir. Actually, in one case that we worked with ICE there was a Winnebago recreational vehicle that was stopped in Mexico, and that one vehicle had an inordinate number of firearms and ammunition and cash in that vehicle heading south.

As it turned out during our investigation, this was linked back to a drug trafficker from the State of Washington.

Mr. GALLEGLY. Having said all that and having been focused on weapons going from the United States into primarily Mexico, has there been any research or studies done on the effect of weapons that perhaps were used in Central America back in the 1980s, AK-47s and so on, during the Sandinista Contra wars and so on and others, the FMLN and whoever else was involved back in the 1980s, and those weapons moving from Central America up into Mexico?

Mr. HOOVER. No, sir. We don't have the ability to trace those firearms. The only weapons we trace are those that have been imported into the U.S. and came in through either a U.S. importer or initiated here through U.S. manufacturers.

We don't know what weapons went into South America and up into Central America and maybe into Mexico. We don't have any of those figures. No, sir.

Mr. GALLEGLY. Well, it is an element of what is going on there. Whether it is our jurisdiction or not—

Mr. HOOVER. That is correct.

Mr. GALLEGLY [continuing]. It is still a concern because I know I would certainly have strong reason to believe that there is an inordinate number of weapons that are creating great havoc not only for Mexico, but for us, that might not have originated all from the United States.

Mr. HOOVER. That is correct, sir.

Mr. GALLEGLY. Thank you, Mr. Chairman.

Mr. MEEKS [presiding]. Thank you.

Mr. Green?

Mr. GREEN. Thank you, Mr. Chairman.

I know the hearing is the obligation of Mexico in this effort, and I guess one of the questions I have and that has come to light because of the Colombian Free Trade Agreement being held up because of the violence against labor organizers in Colombia, and there is some concern I think that this equipment would be used actually to anti-drug instead of using it for some of the things that we hear about that is anti-labor, breaking strikes and things like that.

I could give some specifics. I don't know if it has come up before, but in April 2006 state police intervened in a strike and two union members were killed. Just this last month, on January 11, several hundred armed police entered a mine in Sonora where union members were on strike and forcibly evicted them.

Is there something that the Government of Mexico has agreed that this would be used in anti-narcotics or anti-terrorism instead of more on the civil side like we are seeing and we are hearing?

Mr. SHANNON. Sir, the purpose of the Merida Initiative and our conversations with Mexico and Central Mexico is to provide equipment and training to fight organized crime and drug cartels, not to be used for purposes of public order or to suppress protests. The kind of training involved, the kind of information platforms involved, are designed for that purpose.

This is obviously something we are going to be watching closely, and it is something we will be working with NGOs, especially human rights groups and others in Mexico and Central America, in order to track how certain systems like helicopters and aircraft

and specific training and groups that have this training, how they behave.

One of the important challenges that Mexico and Central America face is building civilian law enforcement agencies that are really about law enforcement and not just public order. It is a huge challenge, but it is a necessary challenge at this point.

Mexico in particular is unifying its Federal police force and, in the process of unifying its Federal police force, creating standards and benchmarks for police behavior not only at the Federal level, but also at the state and local level.

One of the big challenges Mexico faces today is they can't create a unified police force because it is a Federal system similar to the United States, but they can create unified practices, training and expectations and then use their courts through evidentiary procedures and certain human rights guarantees to ensure that these different levels of police organizations respond in a way that makes sure that this training and equipment is not used in human rights violations, but it is something we are going to be tracking very closely.

Mr. GREEN. But that is something that has come up in the discussion?

Mr. SHANNON. Oh, yes.

Mr. GREEN. And it is documented that most of these incidences were actually state police.

Mr. SHANNON. Correct.

Mr. GREEN. In the end we want to deal with it. We wouldn't want it happening.

I have to admit we have problems. Sometimes our Federal courts and justice system actually go after our local police at different times, so I assume they have the same system in Mexico. If there is a problem, a human rights violation, the Federal Government, the government, the national government, could actually file on these.

You know, generally I have watched Mexico for the last—well, my whole life really.

Mr. SHANNON. Right.

Mr. GREEN. I have watched since President Calderón has been there with some success, a great deal of loss of life of both police, even military.

We heard earlier our colleague from Indiana talk about the incidence of police from Mexico or armed forces from Mexico crossing into the United States. We were at a hearing a couple years ago in Houston where that came up. I asked I think it was the ICE person then about that. Is there any response to that?

You know, we hear this all the time, and I know it is popular on the internet, but I would like to at least at a public hearing. I know the problem with the Zadars that may have a uniform that can assume that, but do any of our witnesses have any information on that, any more than our armed forces or law enforcement officers going into Mexico unless they are invited or cooperating?

Ambassador LINO. Congressman, we do have a very cooperative set of what are called border protocols to look at incidents along the border, particularly violent incidents, but there is considerable cooperation between ourselves, ICE and CBP, and the counterpart

agencies in the Mexican Government to ensure that these things are sorted out quickly if they happen, and hopefully to avoid them happening in the future.

Mr. GREEN. Okay. You know, that is something we hear, and I want to make sure that what we are doing in assisting the Government of Mexico or supporting what they are doing, we can also sustain it here with our own constituencies.

Ambassador LINO. Absolutely.

Mr. GREEN. Mr. Chairman, I don't have a clock to tell me how long I have.

Mr. MEEKS. Go ahead. One more.

Mr. GREEN. One more? Okay.

Mr. MEEKS. Ms. Giffords is fixedly waiting.

Mr. GREEN. Okay. This is the first of a 3-year plan program, and I know that most of the money will be in Mexico and some in Central America.

Does the administration have goals and objectives over the 3-year period that you can just say briefly so we will see those benchmarks and, like you said, making sure the equipment is used for anti-narcotics or terrorism in Mexico?

Mr. SHANNON. Yes, we do. Thank you for the question because it is an important one.

The focus on the program is fighting organized crime and drug trafficking in Mexico and Central America and working through civilian law enforcement authorities and the judicial system to attack organized crime and drug trafficking.

As we build our metrics and work with the Mexicans and Central Americans to give them greater precision, we are looking at interdiction of drugs. We are looking at arrests of drug traffickers and organized crime. We are looking at interdiction. We are looking at increased prosecutions, rapidity of prosecution; in other words, how quickly you move people through a judicial process.

We are looking through incarceration. One of the earlier questions was whether or not people who are arrested and prosecuted and charged actually spend time in prison. We will be looking at that closely, looking at the totality of administration of justice.

Another aspect of the program related to institution building is how we work with law enforcement institutions to build their own internal inspection ability and auditing ability, which we will also be able to measure the identification of corrupt police officers and their arrest and prosecution.

So we have at each of the components in our program, both in Mexico and Central America, we will have metrics, kind of broad-based metrics, but assuming the Congress does see fit to fund this program more precise metrics that we are happy to share with you.

Mr. GREEN. Okay. Thank you, Mr. Chairman.

Mr. MEEKS. Ms. Giffords?

Ms. GIFFORDS. Thank you, Chairman Meeks. Again, I want to thank our panelists for coming today.

The topic of the hearing today is U.S. obligations under the Merida Initiative. You know, as I said in my opening comments, I was really hoping to hear some real specificity.

I do appreciate Mr. Hoover's comments and Mr. Placido as well talking about specific initiatives, but when I hear words like inter-

agency collaboration, partnerships and all of the problems that come with narcotrafficking but no real specific solutions, it makes me a little concerned.

You know, I believe, Mr. Shannon, you talked about the fact that Central Americans and Mexicans are watching very closely. My border sheriffs have never heard of the Merida agreement. My local law enforcement agents have never heard of this.

So my concern is there are discussions at some very high levels, but when it comes down to the boots on the ground, the folks that actually have to implement and have to deal with the day in and day out of enforcing our laws, that message is certainly not getting carried down.

Again, I really want to specifically talk about what is working and what is not working in my area, which is the most highly trafficked area along the United States-Mexico border. I mentioned earlier that last year almost 400,000 apprehensions were made. A tremendous number. Ten percent at least have felony records.

I am not going to make you guess, but I think you would be surprised to know that less than 2 percent—1.4 percent of the apprehensions—of those that were apprehended were actually prosecuted, those with felonies, by the U.S. Attorney. One-point-four percent.

There is a huge breakdown in the process. Unless we get our house in order, putting hundreds of millions of dollars into Mexico and Central America, I frankly don't see it as a real solution.

To start off, let us talk about local law enforcement. Let us talk about the fact that our border sheriffs have some very specific solutions in terms of traffic, the southbound trafficking of drugs and demand.

I know we were talking about a couple trial programs, but I would like to hear specifically about how this initiative might actually deal with some of the problems that we know we can control right here in the United States.

Ambassador LINO, Congresswoman, in my written testimony I described some of the things that we are specifically doing.

I am sure you are familiar with the Border Enforcement Security Task Force, or BEST, that Secretary Chertoff adopted in 2006 which combines both CBP together with state, local and tribal authorities and the presence of, in this instance Mexican officials as well, working together to provide a comprehensive approach to some of these issues.

DHS considers the BEST program, one of the most successful ones we have, and it is something that we would seek to expand using the strengths of both the United States and the Mexican representatives on these teams to work on these issues.

Some of what you have described in terms of prosecutions obviously falls into another agency's area of operation, but we do have other initiatives. We are working on items such as bulk cash smuggling into Mexico. ICE, together with Treasury, DEA, FBI and others, is in the process of creating a study to look at exactly how bulk cash is moved and how it flows into Mexico.

I think there are a number of concrete things that are being done that respond to your question.

Ms. GIFFORDS. Yes. You know, we are probably not going to be able to resolve this today, but when my border sheriffs and my local law enforcement have no idea what these plans contain and have some really specific solutions to problems and aren't included in part of the solution I think we are missing the boat in a very major way here.

We can talk about interagency and comprehensive plans. I mean, we can plan up the wazoo, but the reality is that help is not getting to the front lines.

I was in the Federal courthouse just 2 days ago. Again, what does it take to actually make 10 percent, 25 percent, to actually arrest and detain people who are here with felony records that are crossing illegally? It is not happening. It is not getting done.

We have magistrates in Arizona in 1 month who do more work than the rest of the magistrates do just on average in the rest of the country and yet no additional funding for them. There are no cells available. There are no holding cells. I mean, when you look at the magnitude of the numbers and the lack of funding and resources that come down it is frankly pretty appalling.

You know, I could work with each of you individually, but I really want to specifically talk about the folks that are on the ground and the resources that they need to solve the problems because it is not easy. We had a Border Patrol agent killed out in Yuma just a couple of weeks ago. You know, it is not tolerable.

Another couple of points I would like to bring up in terms of actual benchmarks. Do you have benchmarks in this initiative that look at proven success in terms of decreasing the southbound traffic for both guns and drug demand?

Are there specific benchmarks? Not theoretical, but actual benchmarks that we know whether or not we are hitting the mark? Is that included in any of this agreement?

Mr. SHANNON. In the Merida Initiative itself it is not because the Merida Initiative is a foreign assistance program.

However, one of the things that we are trying to do here, and this is an important aspect of this hearing and it is why we appreciate your comments because this is a moment to link a foreign assistance program with a domestic program and to make sure that the agencies that control the border, that track weapons trafficking, that track drug flows, have an ability to share information so that we know not only what is coming north, but what is going south.

My colleagues might want to comment further, but this is really why this initiative is important because we have to have this ability to connect what we do in our cooperation programs with Mexico and Central America and what we are doing on the north side of the border because if they don't connect, if they don't make that connection, if your border sheriffs don't understand what is happening, the program won't work.

Ms. GIFFORDS. It is not that they don't understand it. They have never heard of it.

Mr. SIRES. Yes.

Ms. GIFFORDS. It is not that they don't understand. I mean, they are smart folks.

Getting to an actual specific point, the National Southwest Border Counternarcotics Strategy. I don't know who could specifically talk about that, but this is an interagency working group chaired by a number of agencies, including DHS. They implemented a plan that included 68 separate recommendations.

Now, we understand by October of last year 53 of those recommendations had been completely or partially met, so I am curious about these 15 recommendations that were not met. Can anyone speak to that initiative?

[No response.]

Ms. GIFFORDS. Okay. Well, maybe someone DHS related can get back to me on that.

Ambassador LINO. Certainly.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION ASKED DURING THE HEARING BY THE HONORABLE GABRIELLE GIFFORDS

The Southwest Border Counternarcotics Strategy and Implementation Plan (Plan) contains both single and multi-year implementation events. As of April 2007, 53 recommendations were either completed or partially completed. Many of the remaining 15 recommendations have not been "completed" because, among other things, they may be occurring in an out-year—instead of the beginning years of the Plan. The Department is committed to working with the Office of National Drug Control Policy and the National Security Council in ensuring that all remaining recommendations are implemented and that the Plan's statutorily required updates are completed on time.

Ms. GIFFORDS. If we can talk a little bit about some of the ATF issues.

Mr. Hoover, you talked about being able to run guns through this tracing system. Are 100 percent of the guns run through this tracing system?

Mr. HOOVER. No, ma'am. We could not say that. The guns recovered in Mexico or domestically?

Ms. GIFFORDS. Well, domestically because you said or I thought that I heard you say that all guns are run through this tracing system.

Mr. HOOVER. All guns by law enforcement agencies that cooperate and utilize our eTrace system are run through that, but I would in no way be able to say that 100 percent of the firearms recovered or seized in the United States or Mexico are run through this system.

It is something that we do. We go out and conduct training domestically and internationally in an attempt to get law enforcement officials to conduct this trace information because, as you can see by the charts we provided before, it is a great deal of information that not only assists us in our firearms trafficking strategy, but also the information that goes back to those agencies that will help them in their criminal investigations as well.

Ms. GIFFORDS. Mr. Hoover, the information that I have is that relatively a small percentage of those guns that are actually apprehended or actually found actually are run through the tracing system, so I would be curious to see the actual percentage that actually go through the tracing system because I think that is an area where we can really pinpoint.

Mr. HOOVER. Correct.

Ms. GIFFORDS. Again, the studies that I have show that it is actually a relatively small number.

Another area that I am concerned about is firearms stolen from the Department of Defense facilities and National Guard armories have reportedly been trafficked in the small black market in Mexico.

It looks like some of these arms originated in the United States, so I am curious what role Congress can play in terms of specifically looking at military armaments and the smuggling of those weapons.

Mr. HOOVER. Yes, ma'am. If you are referring to an article that I believe was written by the Congressional Research Service and getting that information, we are not sure where they obtained those statistics.

We checked our tracing system for the past year, and we have found six firearms that were traced in Mexico that actually originated with the military. There were five AR-15 or M-16 type .223-caliber weapons and one M-60 machine gun that we know for sure went back to the military.

We are not seeing large numbers of firearms that have originated either stolen from National Guard bases or our military bases. We are just not seeing that.

Ms. GIFFORDS. Okay. All right. Well, I will follow up with you on that as well as to the number, as well as the percentage. I think the number here is looking at maybe 25 percent actually are actually traced in terms of the actual arms.

Mr. Chairman, I hate to belabor this point, but I think it is really important if there is a specific process that we know works.

Mr. HOOVER. Right.

Ms. GIFFORDS. Again, if we are not allocating the right amount of resources, I think we need to get this right.

A couple of additional points that I would just like to bring up in terms of we are looking at a proposal for \$550 million. That is a lot of money.

When looking more closely at the Office of National Drug Control Policy, and I believe that you received over \$26 million for funding in the Fiscal Year 2008. The stats that I showed—and, Mr. Burns, you spoke about this—actually showed that there has not been a decrease in drug use among psychotropic drugs or cocaine in the United States; a very, very small decline in marijuana through the last 4 years or 6 years.

I don't want people leaving here thinking there is a belief that there is not a drug demand out there in the United States because the studies that I show actually show that it is increasing.

Mr. BURNS. I want to leave here thinking that because that is what our office does. That is what we are charged to do, and you fund us.

We are the experts. We get paid to get it right. We have had surveys in place in this country for years under Democratic Presidents and Republican Presidents. If it comes back bad, it is bad. If it comes back good, it is good.

The news from the Monitoring the Future survey and from the Household surveys—some 68,000 go out every year, and we have been doing it since the 1970s. When they come back, there is no

political bent on how we read them or we add them up. Drug use is down.

When DEA reports to us in 37 major cities, including New York, which is unheard of, there is a cocaine shortage it is good news. Some people may say they have a different statistic, but again our job is to get it right.

Ms. GIFFORDS. Again, I am looking at a report dated February 1, 2008, with the National Survey on Drug Use and Health. That is the survey that I am actually looking at in terms of the usage in terms of selected illicit drugs among persons 12 years of age and older.

Again, my concern is that there is a big demand here. You know, we are funding your agency to the tune of, like I said, over \$26 million. There are programs out there that specifically—and I don't know all of them, but I am trying to mention the ones at least I am aware of—talk about the shortcomings.

We have this Operation Jump Start, which was very successful in Arizona, and I know that funding is now being pulled from Operation Jump Start. The program has now ended, but here was a specific example of where the Federal Government can come in and make some real headway in terms of the counterdrug trafficking and smuggling as well.

Operation Streamline is starting to get rolled out in Arizona. There have been successes in Texas. Again, when you look at the 1.4 percent prosecution rate and the fact that we just do not have the support along the border, I don't know how in our good conscience we can go to Mexico and go to Central America and say we are going to fund you to the tune of \$550 million when we can't seem to get it right here in our country.

I just have some real big concerns not having the specific benchmarks in place not just for us, but for them. To drop \$550 million in this economy with the needs in this country without having our house in order I don't think is something that this Congress should do in good conscience. I just don't.

Mr. BURNS. Well, I would just say that the idea is not to send the \$550 million to the State and local and the Federal entities on this side of the board.

I would hope in a discussion with your sheriff, and I was a county attorney for 16 years and spent a lot of time riding around with a lot of local sheriffs. You are right. They are bright, but they would get it because I have heard them say, "When is Mexico going to start doing their part? When will they help us?"

We have had those discussions with them, and with this President—and I don't think anybody can deny—he has made a pledge to help us. He has done things that are unheard of. He has gone to the border and taken guns away from corrupt law enforcement officers. He had 83 extraditions last year into Mexico. I remember when one or two was a big deal.

Oseal Cárdenas landed in a plane in Houston. We talked about Pablo Escobar before. There are no Pablo Escobars anymore. There aren't. We are way down the ladder. We do target them. There is a CPOT list, Consolidated Priority Organizational Target. There is a list, and we go after them. The AFO dismantled. That is all we

heard about 2 or 3 years ago. The Arellano Felix Organization. They are gone.

Mr. Placido can talk more specific about it, but this is an idea to turn to Mexico and say what would help you help us?

On our side of the border in Arizona we have the HIDTA, and I know your sheriff has heard of that. The High Intensity Drug Trafficking Area Program that I oversee brings Federal, State and local law enforcement together to coordinate and to talk on counter and drug efforts on this side of the border. The office is in Tucson.

They will tell you that they want the Mexican side to be more involved and engaged and to share intelligence, so that is the idea of this initiative, Congresswoman.

Ms. GIFFORDS. No, I understand that. I think most of those border sheriffs that are really frustrated about what is going on in Mexico would no doubt question Mexico's responsibility, but we are talking about \$550 million of United States taxpayers' money compared to about—and I understand over the next 3 years it will be about \$7 billion. Is that correct?

Mr. SHANNON. No. The \$7 billion is the amount of money that Mexico is spending on its security through its security budget.

We are looking at a program that will be around \$1.4 billion over 3 years.

Ms. GIFFORDS. Okay. So they are going to spend \$1.4 billion. We are going to spend \$550 million.

Mr. SHANNON. No. I am sorry. Over 3 years we are will spend \$1.4 billion.

Ms. GIFFORDS. Okay. And what is Mexico going to spend?

Mr. SHANNON. They are spending \$7 billion this year, and that number will be going up over time.

Ms. GIFFORDS. Okay. Well, there is no doubt that President Calderón has done extraordinary things and he should be applauded and commended. You know, we have a terrific partner down there.

My concern is that we need to be having better discussions about how we can help folks really on the front lines because you can have all these plans and they can sound great here in Washington.

When it actually comes down to being there, I mean, I don't know how long it has been since you have been back to the southwest and actually see what it is like to apprehend 400,000 people every year.

We need help, Mr. Chairman and members. You know, I just am really concerned that we are missing the big picture when it comes to actually being able to fund projects that actually work.

Mr. ENGEL [presiding]. Thank you. Thank you, Ms. Giffords.

Mr. Meeks?

Mr. MEEKS. Thank you, Mr. Chairman, and thank you for holding this hearing. I think it is very timely. We get a chance to hear what the administration has in mind as we move forward.

I was reading a report the other day from the GAO, and it indicated that 90 percent of the cocaine that went from South America to the United States went through Mexico in 2004 and 2005. In fact, the report said this was up about 66 percent from 2000.

It is argued by many that Mexico has increased its transit capacity because of some successes I guess that we have had in Colom-

bia, the result of the demise of the Medellin and Cali cartels, the closure of the cocaine trafficking route in Florida. Some say because of that now it is going through Mexico.

Many believe, and I am one of them, that our biggest problem is the demand here in the United States and that as long as there is a demand in the United States the routes will change. You can close something and another route will open up.

My first question to you, and I have some issues. I hear what Ms. Giffords is saying and I would like to know some specificity, but let us use a hypothetical situation and say that if it works, because my concern is to make sure that the persons in the neighborhoods in America are not on drugs.

If it were successful, do you believe that we are going to see fewer drugs in the hands of Americans? That is the first question. Or will drug traffickers just continue to find another route? It seems to me they keep moving it. They change the route. They will find another route to bring their drugs into the United States.

I am concerned about the moving of these routes and the Mexican drug cartels and saying that they are eradicated that in the future we will be saying that we need to do what we are doing now in Mexico maybe in one of the Caribbean islands because now the routes would have changed from Mexico and go through the Caribbean.

I would just like to hear something I guess maybe from DEA or anybody who wants to answer. Are we thinking about that in advance? How can we prevent history from repeating itself?

Mr. BURNS. Let me just say that cocaine use in the United States has decreased by almost 75 percent since 1979. You remember when Len Bias died and Americans were using cocaine at incredibly high rates.

It used to be that they would take off from Colombia and land in the United States with loads of cocaine. They don't do that anymore. Mr. Placido would know far better than I.

They went to Go-fast. They have been very successful in Colombia and in Mexico shutting that down. The latest intelligence is they have to build submarines that cost \$2 million and are not as effective as before.

With this President in Mexico, President Calderón, and the pressure on the border and what he has done so far without our help, without the Merida Initiative, we are already, Congressman, seeing results. If there is a cocaine shortage in 37 major cities, somebody is doing something right.

Mr. MEEKS. So your answer is yes, you think there are going to be less drugs in Americans' hands?

Mr. BURNS. Less drugs, as long as we continue with a balanced approach.

We have to have prevention and education and treatment capacity like in Congressman Giffords' district. She is one of 22 States that got an Access to Recovery grant, \$8 million a year for 3 years. I think there are five Drug Free Communities in the Tucson area, \$100,000 a year for 5 years. Drug courts. Arizona was a pioneer in drug courts.

We have to stress the prevention and the treatment side, but on the law enforcement side I have to look at my brothers in law enforcement to the left and say they are doing a pretty good job.

Mr. PLACIDO. Could I? I think it is an excellent question, Mr. Meeks, and I will begin my response by telling you that I think it is vitally important that we invest in Mexico and we invest in Mexico now to do this.

Just a little bit of history. Mexico's role and the evolution of Mexico as a key player in the flow of cocaine to the United States largely began in the late 1980s when Amado Carrillo Fuentes and other Mexican organizations started accepting payment for the transportation of drugs in cocaine instead of dollars and had to sell those drugs.

But what we are really looking at is geography. If you look at the average size of a seizure in transit to Mexico, they are measured by the metric ton. Go-fast boats carrying one to two metric tons. On fishing vessels, we seize upwards of five to 20 metric tons in containers. But then the seizures that we make in the United States that come from Mexico are weighing less than 100 pounds.

What that tells us in law enforcement is that drug traffickers view Mexico as a safe haven, a place where they can store large quantities of drugs and play the laws of the odds and shuttle those drugs across the border in large numbers and small quantities.

What we believe at DEA is that we have to take an offensive position, defend in-depth and deny this area where we have a 2,000 mile long border with Mexico to the traffickers so that they can't move these large quantities into Mexico first.

While certainly this is a game of action and reaction and counteraction, denying traffickers' access to Mexico, which shares this long border, is hugely effective, and if we deny them access to this area all of the other problems that we might have in the Caribbean or other places will pale in comparison.

Mr. MEEKS. Let me just throw this out then only because it seems to me that sometimes the drug traffickers look for the governments that are in upheaval, the governments that are weak, the government that is less organized.

Would it make any sense to also be looking at, for example, doing some kind of preventive measures in Haiti, for example, because it seems to me that would be a nice, sweet spot for somebody else to go through.

There are other problems with some of the other smaller Caribbean islands. The government is not strong, nor do they have the resources to do what President Calderón is doing in his area so now they go, see resistance, they move and say we are going to go to the path of least resistance.

Have there been any thoughts about any preventive measures by saying okay, we are going to shut this down, but we better also make sure the pathway to Haiti and the other Caribbean islands are not open?

Mr. PLACIDO. Sir, there absolutely has been a great deal of thought to that. A multi-agency program that DEA leads called the Drug Flow Attack Strategy works along those lines, and it designed to anticipate what is going to happen after we take enforcement action in a particular area.

We have foreign deployed advisory and support teams, and we are working very closely with governments. As you know, DEA has 62 foreign offices. We have 86 offices in 62 foreign countries if my math is right. We are constantly looking and evaluating what happens if we are successful in Mexico. There has been great thought already to what will happen then and whether that containerized cargo is going directly to the United States or moving through the Caribbean.

I can tell you that there is not only planning, but discussion about resource movement and the ability to lift and shift and deal with those problems long before the first dollar of this initiative has been spent.

Mr. ENGEL. All right. Thank you, Mr. Meeks.

Mr. Delahunt, Mr. McCaul has graciously allowed you to jump in.

Mr. DELAHUNT. I thank my friend from Texas for his graciousness.

I think any effort to enhance cooperation clearly has to be applauded, and I concur. I want to direct my questions to Secretary Shannon.

You indicated that it is a foreign assistance program. My concern is cost. We have an economy now that is struggling severely, and if anyone has any questions about that they should check their 401[k]. I think you would be able to agree.

We have a very weak dollar. The peso is stronger or has strengthened vis-à-vis the dollar. We just had a report about a job loss for the first, I think, occasion in 60 months. We have Americans losing their homes. The figures are daunting. We are talking about foreclosures in the range of several million.

And yet Mexico is doing well. Their GDP is increasing at a faster rate than our own. I will be making these same observations in the next cycle when we discuss assistance to Colombia.

Again, I want to be very clear. I applaud the initiatives. I think cooperation is essential. I think we will notice some good results, although I do disagree with the Deputy Director of ONDCP. I don't think that we can say that it is as a result of enforcement that there is a shortage of cocaine in this country because, as I am sure he is aware, cocaine is exploding in Europe so there is a lot of cocaine that is being diverted. They just simply can't grow it fast enough.

We do have a problem with drugs in this country, whether it is cocaine or whether it is Oxycontin in the northeast, whether it is meth in the midwest; so in the end the ultimate answer is demand. I concur with the chair and other colleagues who have expressed their opinions on that.

Back to the Secretary. One-point-four billion dollars over 3 years is a lot of money, and this is a concern that was expressed by Congresswoman Giffords.

It is difficult for me to go back to my district, and I am sure the same is true of others, and ask American taxpayers while they are hurting and hurting badly to fund this initiative while the Mexican economy is improving. I am glad that it is improving, but it is clearly to the advantage of the Mexican Government and the Mexican people to participate in this effort.

My reservation is about A) the cost, and I guess there is hardware involved here and helicopters, and I can see a rerun of a movie that has played its way out with some success, I might add, in Colombia.

If the American Government or rather the Mexican Government and the Mexican people want stability, and they do, they want to see a reduction in violence. We read about it. We all abhor it, and we sympathize with those areas in Mexico that are experiencing it, but it is really the responsibility of the Mexican Government to pick up the tab. This is all about picking up the tab. Who is picking up the tab?

So I guess, Secretary Shannon, you have got some convincing to do. I understand that you were involved in this initiative. It makes sense. I have great respect for you, but my reservation is one of, Who is paying the bill? We can't afford to pay many more bills. We are running out, and we can't continue to borrow.

We have foreign debt that is being held by the likes of the Central Bank of China in excess of \$1 trillion. There comes a point where we have to take care of ourselves and the home front as the gentlelady from Arizona said.

With that, I yield back.

Mr. ENGEL. Thank you.

Mr. McCaul?

Mr. MCCAUL. Thank you, Mr. Chairman. I appreciate you holding this hearing on what I consider to be one of the most important issues we have facing us. Certainly coming from Texas, from the border State, this is the number one issue is the border back home.

I was very pleased and I did want to report to this committee on the recent trip that Congressman Cuellar and I took down to Mexico under the auspices of the Homeland Security Committee, a fact-finding mission. We started in Matamoros, which is the headquarters for the Gulf Cartel. It was interesting to see the visible presence of Federal troops at the border.

We went to Mexico City and met with the Mexican Attorney General at the very time one the top cartel members was captured. We discussed the Border Patrol agent that was killed by the drug smuggler and asked for their assistance. Within days he was captured and extradited.

Then we had a very long and productive discussion with President Calderón and with our Ambassador, Tony Garza, for about an hour talking about this very issue. I know Henry will comment on his experience, but I have to say, and I went in with all the tough questions, but I walked away with one thing in mind, and that is that they assured us that this President, this new administration, are very serious about the security issue. It is their top priority. I think we have an obligation to help them with that.

I think we have a unique opportunity here, and the window may not be open forever. My sense is that for them to admit they have a problem, and we are part of the U.S.-Mexico Interparliamentary Group. For many years they wouldn't even admit that there was a problem here. Now they not only admit they have a problem, but they are now requesting our military assistance, which is a hugely significant shift in their politics.

The commitment of 30,000 Federal troops to the northern border by the President of Mexico is astounding. The extraditions that have taken place over the last year are impressive, and they are really cracking down on these cartels fiercely, which is causing a spike in violence, but after all these cartels control the routes into the United States. They control the drugs coming in, the human trafficking coming in.

In our post-9/11 world we don't have to discuss that threat, but that threat could be real. The drug cartels are, I remind you, at the root cause. Anything we can do to eradicate that problem I think is money well spent and money well invested.

I believe that the Congress has a bit of an educational process to go through. I think there is a lot of misinformation that there is a blank check here. This is one thing I want to hear from the panel is when I reviewed what is proposed it is primarily military equipment, surveillance equipment.

We met with the top Mexican generals down there, and we said what do you need? We need Blackhawk helicopters. We need AWACS surveillance planes. We need military assistance, military surveillance equipment.

Again, I see this as a very unique opportunity. The corruption is an issue that a lot of Members of Congress have a serious problem with in terms of the \$1.4 billion package. Secretary Shannon, what kind of assurance can you give us in the Congress that this money—actually it is mainly equipment.

Maybe you can clarify that misinformation first. What kind of assurance can you give us that given the amount of corruption there that the Mexican Government will be accountable and that the oversight will be performed so that there isn't the fraud and abuse?

In terms of maintenance, who will have the responsibility for the maintenance of this equipment?

Mr. SHANNON. Happily, sir, and thank you very much for your trip and Representative Cuellar's trip to Mexico. This is important for us to make sure that the people have this opportunity to meet and to talk directly on the ground to Mexican authorities and understand the unique opportunity that is presented to us.

As we work through these proposals and as we present them to our Congress, what we are proposing, of course, is spending \$550 million in the Fiscal Year 2008 supplemental request and \$550 million from the Fiscal Year 2009 request largely through our Bureau of International Narcotics and Law Enforcement working with the several agencies here at the table and through our Embassy in Mexico and our Embassies in Central America and using our standard letter of agreement form to manage how the equipment and training is used and accountability.

There is end use monitoring requirements in our LOAs and there are accountability mechanisms that we feel pretty good about. Obviously this requires a lot of work and we will be using personnel on the ground and here in Washington to make sure that we have the capability to track how equipment and also how training and units that are trained and individuals that are trained help participate in this larger effort.

As we look at Mexico, you made the point that this is an opportunity where the window is closing. I said earlier in the hearing

that the Mexican leader, the Central American leaders, the populations of these countries understand the gravity of the threat they face. They understand what organized crime and what drug trafficking cartels are doing to their own democratic states.

As we look at the amount of money that we are proposing and especially the amount of money we are proposing over a 3-year period, we recognize it is a lot of money. We recognize that we are in a tight budget environment and in an economy in which we have to explain why we are doing this.

I would say that this is money well spent. It is money that is designed to complement what countries in the region are already doing and complement it in ways that they themselves can't manage, whether it is in terms of specific kinds of airframe or airlift, whether it is in specific kinds of scanning devices, specific kinds of information sharing platforms or in specific kinds of training.

We have tried to be very careful in terms of what we have identified and what needs to be funded. We would argue that in this regard the price we pay, while significant to the American taxpayer, is linked to a bigger price being paid in Mexico and Central America not only in budget terms, but also in terms of blood.

The Mexican police and the Mexican army have suffered hundreds of deaths in this fight against crime. As President Bush highlighted, we are part of the problem. We need to be part of the solution. They are opening a door for us to be part of that solution and to be part of their solution away from our borders.

One of my colleagues here talked about a deep defense. The reality is we cannot defend our border at the frontier. We don't have the local and State resources to do that. Even if we diverted Federal resources to the frontier, it would still be hard.

We need to have partners, and those partners are offering their help right now in Mexico and in Central America and so while this is extensive, while it is significant and while there is a larger political challenge of explaining it to taxpayers, I believe that we can explain it in terms of our long-term interest not only in fighting drug trafficking and organized crime here in the United States, but having partners in Mexico and Central America that are democratic, that are committed to our values and that are prepared to work with us to address problems that we view as collective.

Mr. McCAUL. Coming back from Mexico City, it was really—we share this border. We share the problem and we share the responsibility. I think what they are looking to us for is a commitment to be part of that solution so I thank you for that.

Mr. Chairman, could I have one more quick question? It has to do with the gun issue. Every time we talk to whether it is the Mexican Attorney General or the Members of Congress, and Congressman Cuellar will tell you this. It comes up all the time. They essentially blame us for the cartels' weaponry.

You know, AK-47s, I think a lot of those are coming from Russia maybe through Venezuela. Can you comment, Mr. Hoover, on their estimates are quite high that the majority of the weaponry does come from the United States. I don't know if that is exactly true. That is the first part of it.

The second one is we really emphasize the coordination and cooperation with BATF in tracing these weapons, and we send a pretty strong message down there to them regarding that.

So if you could comment on the numbers coming from the United States into Mexico if you know that and then, secondly, the level of cooperation that you have?

Mr. HOOVER. Sir, the numbers that we show come from the traces that Mexico completes, and they come through the eTrace system.

I believe your visit worked. They have agreed to expand the eTrace system within the consulates and also eventually within the 31 states. They have offered us to put it on their Platform del Mexico as well when they get their national computer system up and running.

It is obviously going to help when we get the Spanish eTrace version of our system up and running as well. Until then we are utilizing translation methods to be able to trace these weapons. The number that we put out that says 90 percent of the firearms recovered in Mexico originated in the United States, that is because of the tracing information that we get from them and utilizing those traces.

As I stated previously, we have met on several occasions with many members of the Mexican administration, and we continue to espouse to them that eTrace is the way to go to get this information.

We have an Attaché office in Mexico City. I know you are all well aware of that, as our colleagues here. That communication is daily. We are trying to enhance our information flow to and from Mexico City to ensure we are doing the right things as far as our criminal investigations and the firearms being trafficked into Mexico.

They have gotten much better. There is much more effective and efficient flow of information back and forth between ATF and our counterparts in Mexico.

Mr. MCCAUL. Thank you.

Thank you, Mr. Chairman.

Mr. ENGEL. Thank you.

Mr. Cuellar?

Mr. CUELLAR. Mr. Chairman, thank you again for allowing me to sit here with you at this committee. First of all, I want to thank the committee and the witnesses we have here.

I am from the Laredo border area, born there, very familiar with the border. The dynamics on the border are very revealing in so many ways. I agree with Kathy when she was mentioning a few minutes ago about in order to support those who are getting some pressure from our local law enforcement officials.

I am again familiar with the BEST program. We started that in Laredo. It is one that expanded. I think we need to put a little bit more to expand it more, but it is working with the Mexicans, which is important.

You know, there are other opportunities that we can use to work with the local law enforcement. I think they are willing as they get those telephone calls from the jails because there is some work that is done inside the jails. They are willing to open up the jails for the telephone calls that are coming in.

When Border Patrol has some of those towers, as they went up I think it is a good idea if we can use some of those towers because sometimes they have interability communication issues, so we can use those assets with them.

There are a lot of things that we have done to enhance the border line in the last couple of years and other things that we want to work, but there are some things I would ask you all to continue working with them because that puts us in a difficult situation.

Mexico, that has a 2,000 mile border with us, gets I believe right now it is about \$47 million from the United States in assistance. I don't want to mention any other countries, but there are other countries that get \$800 million a year, up to \$1 billion a year, \$500 million, \$140 million a year.

And here is Mexico that on a daily basis they trade with us, goods and services, \$1 billion of commerce between the United States and Mexico. One billion dollars a day. That doesn't include retail. It doesn't include tourism, so the connection on an economic impact is tremendous for both sides. Two thousand miles. Almost 2,000 miles of border.

At the same time, when we are seeing them having trouble our assistance to them is \$47 million compared to some of the other numbers where I have mentioned other countries.

Mexico is at a point, like Michael said, that they are asking for assistance. As Michael said, Representative McCaul, we spent time with the President. Not only with him; we spent 2 hours with the Attorney General. We were there. They had just captured the drug cartel leaders. He was excited about what they have done.

At the same time we were there, one of the individuals, one of his lieutenants, one of his top people, the person there, we were told afterwards that you can understand the pressure they are under, personal pressure that they are under, about how he is having personal problems because of his wife and the kids, because of security reasons, puts a lot of pressure so you can understand what those individuals are doing on a daily basis because they are targets. They are targets.

One of the things that President Calderón said that I think was very important when we sat with him, he said we have to win this war. We are going to continue sacrificing money, the \$7 billion. They are putting a lot more than what the United States is talking about. We are going to sacrifice money, and we are going to sacrifice blood. Men and women in the front lines, their soldiers, their Federal law enforcement officials, are being killed. So they are very serious about what they are trying to do.

When we were there he was very open about understanding that there are problems, the lack of confidence in the local police on the borders. We were there on a Monday. The next day in the morning, as you know, the Federal troops came into a lot of the northern border towns and basically started making changes there because he understands there is a corruption problem.

Again, I would say that it doesn't stop at the Rio Grande. It is in the north and in the southern part and in other places, but he understands that they have to make changes.

The assistance that we want to work with them is it is interesting because, Mr. Chairman, we are in a situation where we are

trying to find a comfort zone with Mexico. It is a paradigm change because they always wanted to keep us apart, but they understand how difficult that is so we do have a window of opportunity to work with them.

The assistance again, my understanding is not a single penny is going to be transferred over to them. It is transfer of technology, equipment and training. It also includes x-ray machines to be used at the borders and other points of entry, which again helps us over here. It helps them improve their data, their immigration database also. That is going to help us in the United States also.

It is a rule of law, human rights training, other things, so we have to be careful that we don't just talk about helicopters. That is a small piece. There is a rule of training. There is judicial training. There is prosecutory training. There are other things that are important.

In fact, if you look at the military I believe just when we were there just a couple months ago had named what is a Director of Human Rights or something to that extent, which is something different. They are opening up the Mexican military to more women.

They just had a human rights case where a soldier was accused of rape and instead of just going to the military like they always do they took him to a nonmilitary court, so they are making changes because they want to make sure that they work with the United States.

Now, Mr. Chairman, I understand the difficulty, but I think it is up to Congress, with all due respect. I know there was an issue where you didn't inform us. When we talked to a Mexican congressman and senator they were complaining about their administration also, just like we were. They are in the same shoes that we were.

I think ultimately it is going to depend on us as to how we structure this. Let me tell you. You know, on the border what we are hearing on the other side, the Mexican cartels permeated and infiltrated civil society, and if you think this is bad it is going to get worse. Let me tell you why.

Imagine if you open up a business, Mr. Chairman, and then you get a knock one day and say guess what? You have a partner. You have to pay a tax on this. It is basically some of the organized crime saying in order for you to continue you have to pay a tax. That is another way how they collect them. Besides selling drugs, they are permeating civil society.

This is right across from my hometown, just right across the river. It is up and down the river. This is what I am worried about because there is no magical line in the river, at least in Texas, and I am talking about the Rio Grande. We have a saying the Rio Grande unites us. It doesn't divide us.

We are coming up with a solution about spending billions of dollars on a fence, which I think is a false sense of security. I would rather use it in other ways of providing security, but anyway we are looking at certain things here and there is nothing in the Rio Grande that is going to stop this spillover to the United States.

I think local law enforcement or law enforcement would tell you yes, it has happened already. The spillover has happened or it is going to happen more. We can argue about how much the degree is, but the thing is it is to our own interest to help the Mexicans

win this on their side because I would rather have our local law enforcement do our work here on our side, but at the same time fight it on the other side because there is not an imaginary line that is going to stop the bad guys from coming over to the United States.

It is a lot easier being thousands of miles away, but when you live on the border and you get family there and you get community there and understanding what the dynamics is, when you talk about \$47 million that we are giving to a partner, Mexico, where on a daily basis we exchange \$1 billion going south and north of just trade and doesn't include retail and tourism, it is a window of opportunity, like Michael said, that we have to take advantage of.

The bottom line is, Mr. Chairman, all I ask you as the chairman is that we look at how we shape this to make sure it is a package that works for our best interests because I think it is to our own interest to help the Mexicans. If we have a strong, prosperous Mexico it is in our interest to have that type of assistance.

Mr. Chairman, with all due respect I know this is a difficult issue. I know we are in a tight situation, but again for the economy, for just the standard of living that we have on the border, it affects not only the border, but other communities. It is to our best interest to help Mexico win this war.

Let me tell you. When we spoke to the President, and I guess you have to spend time. He is serious. He is serious about winning this war. He is serious. He said the money is important, but what they are looking at is will the United States stand with them during this critical time that they are facing in fighting the drug cartels.

So the money, we can adjust it, maybe make it smaller or whatever we are going to do, but whatever we do it is not only the money part or the transfer of technology. I was going to say money. The transfer of technology, equipment and training. It is whether the United States is going to stand there with our partner that has 2,000 miles of border with us.

Mr. ENGEL. Well, I think that is well said, Mr. Cuellar. I agree with everything you said. I want to reiterate that I keep mentioning the lack of informing Congress as the plan was being formulated because I don't want that to happen again.

While our Mexican colleagues also profess not to know, the truth is I first started to learn the details of it from one of our Mexican colleagues who came into my office and said let me tell you what is going to be proposed and ran down a litany of things, which I was not aware of and which I think is no way to conduct things like that.

You can see by the amount of participation we have had here today that this is certainly an initiative and a subject that many people on both sides of the aisle are very concerned with and concerned about.

I thank you for your comments, and I would like to conclude by asking a few questions. I let others ask first. I would like to just kind of wrap up a few questions.

Let me start, Mr. Hoover, with you. I have your very nice booklet here, and I thank you for it. It is very nice. I know it corresponds to the charts. In Project Gunrunner you showed for Fiscal Year

2005, 2006 and 2007 how firearms were recovered and the tracing of the firearms from State to State.

I am told, and correct me if I am wrong, that many, many more guns were confiscated than were traced. Is that true, or is the tracing number here in line with how many that were confiscated?

Mr. HOOVER. We tried to show a true picture of what occurred in that year, those particular years, so the charts that you see are just of the guns that were recovered and traced in that same year.

In some instances we will have what we call historical traces where they will provide us with serial numbers from weapons in the past, and they will just give those normally on a CD-ROM and then we will trace those in 2007, but it doesn't give us a true picture of the number of weapons they recovered in that particular year in Mexico.

Mr. ENGEL. How does the number of firearms traced compare with the number of firearms confiscated by law enforcement people in Mexico?

Mr. HOOVER. That is exactly what you have in front of you. These numbers that you see are the numbers of firearms recovered in Mexico and submitted for trace in that same year. That is those numbers.

Mr. ENGEL. Okay. While it is increasing and we are going obviously on the right track, it seems to me that when you consider the flow of guns that we are told by Mexican authorities are coming in from the United States it is really just a fraction that we are actually getting and confiscating. Would you agree with that statement?

Mr. HOOVER. Yes, sir, I do. I agree with that. I would say, you know, that the Mexican authorities initiated the information that went out that said thousands of firearms a week are flowing into Mexico, but we don't have anything to substantiate that.

I would agree that we are not tracing near the number of firearms that they are recovering in Mexico.

Mr. ENGEL. Thank you.

Ambassador Lino, let me ask you this question, and then when you finish if anyone else cares to comment I would be grateful.

Some have argued that the Department of Homeland Security and especially Customs and Border Patrol focuses its attention only on human and contraband flows which are going north. Some have made that charge.

Let me ask you. Does CBP intend to put more resources into tracking firearms and other contraband materials going south that is in line with the question I asked Mr. Hoover, or do you think that we should be focusing our efforts simply on items going north? Should Mexico's police and border patrol be doing more to stop firearms into their country?

Let me ask you that first, and then I will throw out a few more questions for you.

Ambassador LINO. Okay. To put it very simply, we do check. Customs and Border Protection does check cars going south on a regular basis and when there is information that leads us to believe that there would be something to find on an intensive basis, so there is checking in both directions.

With respect to Mexican police forces checking traffic on the way north, obviously one of the things we would be working with—we have been working with them and would be working with them more—is to ensure that they achieve comparable standards to our standards of border control.

Mr. ENGEL. Thank you. Could you tell us what the status is of our talks with Mexico to better coordinate which nation has the responsibility for which border security activity so there is not duplication?

Have the Mexicans asked us to check vehicles and persons moving south at some or all border crossings? If so, how have we responded?

Ambassador LINO. I don't know the answer to that question, but I can certainly find out for you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

CBP has continued its work with the Government of Mexico (GOM) to address shared interests in the area of border security, engaging with all GOM components with responsibility for aspects of border management. The cooperative approach taken with Mexico in developing the Merida Initiative is premised on a shared desire to stem cross-border crimes of many types, without exclusive focus on traffic in one direction or another. Based on this broad approach to the problem, CBP has engaged with other USG agencies and undertaken efforts to enhance information collection and analysis to direct enforcement efforts.

For example, CBP is proactively establishing positions at EPIC for interaction with federal agencies to increase intelligence driven ingress/egress operations targeting all illegal activity at the border. Relevant to concerns regarding firearms trafficking, it should be noted that ATF has established the Southwest Border Gun Center in EPIC, which serves as a central repository for firearms-related information and intelligence. All CBP firearms seizure information is being compiled at HQ and forwarded to CBP representatives at EPIC daily for use in reporting, for supporting investigations and for leveraging enforcement operations to target persons/organizations that are engaged in the smuggling of firearms across the U.S.-Mexico border.

It should be noted that CBP does conduct outbound pulse operations on traffic destined to Mexico. These operations are focused on smuggling activities that may include weapons, currency, and stolen vehicles. CBP has identified that pulse operations yield the greatest benefit to operations and provide the greatest opportunity to interdict smuggling actions before criminal organizations conducting surveillance suspend activities. CBP is also able to act upon specific information provided by the Government of Mexico or by other U.S. government law enforcement agencies.

In August 2007 CBP, Immigration and Customs Enforcement (ICE), and Mexico Customs developed and implemented the Bilateral Strategic Plan (BSP). The BSP establishes four working groups to coordinate border activities between the two nations. The Enforcement Working Group concerns cooperative actions to counter smuggling activities including weapons. Mexico has requested assistance with southbound operations in this and other settings, and—whenever possible—CBP and ICE work to cooperate on joint operations in this regard.

Mr. ENGEL. Okay. Thank you. Let me also ask you this. Are resources being allocated under the Merida Initiative to assist Mexico's police and border patrol and/or the U.S. Border Patrol to better track the firearms entering Mexico?

You could get the answer to me. That is fine.

Ambassador LINO. Absolutely.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

The proposed funding under the Merida Initiative is under foreign assistance accounts, specifically the International Narcotics and Law Enforcement (INCLE) appropriation. Therefore, there were no resources requested under the Merida Initiative specifically designated to U.S. agencies. Nonetheless, we understand that Treasury and Alcohol, Tobacco and Firearms (ATF) have identified complementary funds to expand and enhance the eTrace firearms trafficking software, including making it accessible in Spanish language versions. This will greatly enhance the ability of the Government of Mexico (GOM) to better track firearms entering Mexico working with already established programs in Mexico. We refer you to ATF for further information on the eTrace system.

Mr. ENGEL. The final question is, and you can also get me that answer if you don't have it right now, Will the Merida Initiative include funding for the training of Mexican border and customs officials on firearms detection and an estimate of how much funding would be needed to appropriately equip Mexican border security operations? Again, you can get me that. That would be fine. Since I know you from your other life, I trust you.

[The information referred to follows:]

WRITTEN RESPONSE RECEIVED FROM THE HONORABLE MARISA R. LINO TO QUESTION
ASKED DURING THE HEARING BY THE HONORABLE ELIOT L. ENGEL

The Merida Initiative involves the training of officials as it relates to equipment being procured as part of the assistance package, as well as on a number of law enforcement activities. For instance, the Merida Initiative funding has been requested for non-intrusive inspection equipment and the funding request anticipates a level of training to operate and maintain the equipment. However, funding has not been specifically designated to train customs and border officials beyond that necessary to ensure appropriate use of new equipment being procured. Without a deep analysis of Mexican border security operations and requirements and access to intelligence, any estimate to gauge the amount of resources necessary to adequately equip Mexican personnel would be difficult to provide with any degree of accuracy.

Ambassador LINO. Thank you.

Mr. ENGEL. Mr. Shannon, Mr. Secretary, let me ask you this.

As you stated, the Merida Initiative includes funding to support member states in which you have full compliance with the Inter-American Convention Against the Illicit Manufacturing and Trafficking in Firearms, Ammunitions, Explosives and Other Related Materials, which is CIFTA, as you know.

I applaud this, and I think we have discussed this before, but I am unclear if the U.S. is currently in compliance with CIFTA. We have signed but not ratified it.

Mr. SHANNON. Right.

Mr. ENGEL. Will the President press the Senate to ratify this treaty, and what is the President's timeline for the ratification of CIFTA?

Mr. SHANNON. We believe we are in compliance with CIFTA, both at Department of State, Department of Commerce and Department of Homeland Security, in terms of import and export of weapons.

We do believe that CIFTA is a useful convention that creates a multilateral framework to address the illicit trade in firearms and ammunition and in explosives.

This was a convention that was negotiated and agreed to through the InterAmerican Systems for the Organization of American

States in 1997, and I believe it was presented to the Senate in 1998. The Senate has yet to act on it, and we would be happy to have the conversation if the Senate wants to have this conversation with us about how important CIFTA is.

Mr. ENGEL. All right. Thank you.

Mr. Placido, let me ask you this. According to a November press release from the DEA, the price of cocaine reaching the U.S. has increased while the purity has dropped. I have heard different reasons for this. One reason cited is Plan Colombia and our counter-narcotics efforts in the Andean region. Another is the drop in the value of the dollar and the shifting of supply to Europe.

Finally, some argue that this is just a temporary spike and point out that previous price spikes were followed by eventual price declines, and they cite as an example a 55 percent increase in cocaine's U.S. retail price per pure gram over three quarters in 1990, which was fully reversed within 18 months with prices lower than before the price spike began.

At roughly the same time, a 57 percent increase in cocaine's U.S. wholesale price per pure gram over five quarters in the year of 1989-1990 was also fully reversed within 18 months.

In addition, the Justice Department's National Drug Intelligence Center noted in late 2007 that "Mexican drug trafficking organizations would most likely undertake concerted efforts to reestablish their supply chain, and because cocaine production in South America appears to be stable or increasing cocaine availability could return to normal levels during late 2007 and early 2008." That is a quote from the NDIC.

Let me ask you. Why do you believe that the price of cocaine is up and the purity down? Is it markets or ACI programs or both? Do you think this is likely to be a temporary trend or something that will continue in the long term?

Mr. PLACIDO. Thank you for the question, sir. The one thing I can tell you is that the data itself we have absolute confidence in.

The data is collected from a system known as STRIDE, the System to Retrieve Information from Drug Evidence, and it represents in the case of cocaine more than 60,000 exhibits that were purchased all over the United States. We do forensic analysis at the DEA laboratories to determine the purity, and we only look at those where there is actually a purchase. We normalize it so we can look at price per pure gram.

So in terms of the actual data itself and the shifts, we have very high confidence that that information is right. I took the liberty of pulling the data for the numbers that you quoted for 2007. It ran from roughly January through September. That trend has increased or has continued. The trajectory remains the same through the end of December, so we see price up and purity down for both cocaine and methamphetamine.

While there is certainly room for interpretation as to the causes for this shift—and we have put together an interagency working group that includes members of the intelligence community and much of the interagency law enforcement community—our assessment is that at least in part this reflects activity in the Government of Mexico.

I would note that while certainly things like increased demand in Europe, violence among and between trafficking groups in Mexico and other factors may have contributed to this, it is certainly interesting—I am not a big believer in coincidences—that this now year long trend that we have seen begins almost immediately following the inauguration of Felipe Calderón as President of Mexico.

The information that we have received, anecdotal information that comes from wire taps and informant debriefings, clearly indicates that at least part of this has been the crackdown in Mexico and the difficulty of moving these drugs into the United States.

In fact, the reason that we looked at methamphetamine, we said, if this is indeed Mexico that is the big factor responsible for this shift, then it should affect other drugs and not just cocaine. As was quoted here earlier, the interagency assesses that approximately 91 percent of the cocaine entering the United States transits Mexico, and that is why we had looked—one of the reasons we looked—at Mexico as a cause for this increase.

In fact, what we have seen is that along the exact same time-frame from January now through the end of December 2007, we have seen a huge spike in the price of methamphetamine and a decrease in purity. In fact, these numbers eclipse the cocaine numbers, and that again tends to suggest that at least part of the solution here or part of the answer to this question is that something different is happening in Mexico.

Whether we can sustain these numbers, whether these numbers will hold over time, really depends. As someone charged with managing the intelligence program for DEA, I can tell you that it is very difficult to prove a negative. It is a good news story. We believe that investing now in Plan Merida—I am sorry; the Merida Initiative—is a good—

Mr. ENGEL. Careful now.

Mr. PLACIDO. Is a good investment and that it will help to sustain these gains over time. Thank you.

Mr. ENGEL. Thank you. Thank you for your answer. Thank you for reminding me that methamphetamine was the word I stumbled on before.

Let me ask a final question before I turn to Mr. Payne and ask him if he has any questions. Mr. Shannon, let me go back to you and then if anyone else cares to answer.

Before this hearing my staff tells me that we had difficulties finding out which agency was responsible for what under the Merida Initiative. State would point to domestic agencies and vice versa.

My question is, Is there one U.S. Government coordinator for all of Merida related activities? And if there is, how does this work? If not, why not since there seems to be so much confusion?

Mr. SHANNON. At this point, of course, the interagency has worked together to build a proposal, the Merida Initiative, which we are presenting to the Congress.

This is an interagency process that brings all of the relevant actors together, everybody at this table, under State Department chairmanship, both my Bureau and the Bureau of International Narcotics and Law Enforcement.

If the Congress deems that this initiative is worth funding we will take this interagency structure and build it into an implementation structure. What we have to determine is whether or not the existing structure is adequate.

At this point, because most of the funding will be worked out of International Narcotics and Law Enforcement budget, but will use implementers from different agencies on the ground, we believe we are well positioned to begin the implementation process, but we would be happy to consult with you and your staff and your committee at greater length on this.

Mr. ENGEL. Thank you very much.

Let me now turn to Mr. Payne and ask him if he has any questions.

Mr. PAYNE. Thank you very much. Let me commend you for calling this very important hearing. Unfortunately, I did not hear the testimony so I really won't take very much time. I just have several just general questions.

I wonder just in general what is the confidence level between the United States law enforcement authorities and the Mexican authorities? We have heard in the past that there seem to have been lack of cooperation in many instances on the side of south of the border where Mexican law enforcement personnel have not aggressively attempted to halt illegal immigration.

I just wonder in general what is the relationship and cooperation, in your opinion, between our law enforcement operations at the top level but then also on the ground because many things that are talked about in headquarters where the rubber meets the road there is sometimes no semblance of what is stated at headquarters and what happens out in the field.

Ambassador LINO. I would be happy to answer that, Congressman. I think that from the collective wisdom of my colleagues here I think it would be safe to say that the level of cooperation with Mexico is better than it has ever been before.

Someone mentioned earlier the number of extraditions, which has reached 80 something, whereas previously one or two extraditions were a big deal. We have what I mentioned before. They are called BEST, Border Enforcement Security Task Force, where we work together with Mexican authorities.

We have border violence protocols to deal with issues that happen along the border, making sure that whatever incidents on the border, whether violent or just simply incursions, are taken care of and dealt with swiftly.

There has been a lot of discussion about the seriousness of the Mexican Government in approaching all of the security issues that they face, this new Mexican administration under President Calderón, the number of Mexican Officials who have lost their lives in battling drug traffickers, arms traffickers, people traffickers, et cetera, so I would say that one of the reasons that we have put forth this proposal is precisely because we feel it is the best possible time to do so with a Mexican Government that is really leaning forward to an extreme to seek our help and to cooperate with us.

Mr. PAYNE. We know that generally the U.S. has the best trained law enforcement with the equipment and technology and just basic training and so forth and military the same.

What is the competence level in general of the Mexican counterparts? Are they as well trained as the U.S.? Are they as equipped to do the job as on our side?

Mr. PLACIDO. Can I take that question? Frankly, the reason that this Merida Initiative has been put forward is that not only our Mexican colleagues, but our colleagues throughout Central America, face twin challenges, one what I will call integrity assurance and the other capability building.

I believe that it is true in all cases that they are fighting desperately on both fronts to enhance the integrity of the recent security services and build robust capabilities among these entities. The backbone of the forces that we work with in Mexico and throughout much of Central America, as you know, are vetted units or congressionally funded sensitive investigative units.

What we do with these units is they are subjected to the same kind of rigorous background investigation that we would do for all employees. It would include things like drug use testing, full background investigation looking at financials and polygraph examinations.

Once these folks have passed through this phase, and this is often administered by the government itself with our oversight, but once they pass through this phase then they come to the United States for intensive training to build their capabilities, and we supply them with equipment.

It is this nucleus of folks—in the case of DEA we work with approximately 227 vetted officers in Mexico that are dispersed over 13 cities in Mexico. That is the nucleus that we work with.

I think the thrust of the Merida Initiative is to expand their confidence, and I have actually heard Mexico's Secretary of Public Security and the Attorney General talk about vetting the entire Federal police force and the entire PGR so that it is not a small cadre of folks that are trustworthy and capable, but the broader police force.

I think that is really what Merida is about is building the competence and the confidence so that we can share information across jurisdictional lines and build the kind of investigations that are necessary to target transnational criminals.

Mr. PAYNE. I was at a conference in Costa Rica when there was some semblance of the fact that there was a plan coming out. It wasn't made public at that time, but there was some Latin American countries represented and also Mexico.

There was a concern that as in Plan Colombia there was a tremendous amount of hardware primarily to try to deal with that problem. Of course this is similar, but different.

There was some question about the fact that just continued more hardware and guns and weapons and police may not necessarily be the way to go; that if there could be some more investment in community development, some kind of a more social side of the activities for Mexico, that the money would be better spent.

I just don't know. You are law enforcement, so I am sure you figure what you are doing is right, but if anybody would want to comment on that?

Mr. PLACIDO. The one thing that I would add is that a large segment of the Merida Initiative, at least the request that is before you today, is to develop rule of law within Mexico, and that includes things like reinforcing the prosecutor's office and the judiciary and reforming prisons so that it is not only about identifying and arresting criminals, but making sure that the entire process works.

So I don't know if your question refers to things beyond the criminal justice system, but certainly this is not a request that is focused exclusively on law enforcement. It includes demand reduction and a whole segment for enhancement of the rule of law.

Mr. PAYNE. I guess just finally, I see some question regarding the guns going from north to south, which I would imagine that in the majority very few places make guns like we do in the United States.

I just kind of wonder whether there is some initiatives to try to make gun purchasing more difficult. Of course, we have the strongest anti-gun laws, but the further south we go we find that many people in that region feel that the more guns the merrier, and the proliferation of weapons, as you law enforcement people know, there is a gun for every man, woman and child in the United States, over 300 million guns in the U.S.

I wonder. How do we stop the easy purchase of guns? I guess it is a lot of markup so it is a big, lucrative industry. Any of you have any ideas on that?

Mr. HOOVER. Sir, we are using a two or three pronged approach with that. We are actually training our Federal firearms licensees that sell the guns along the border. We are doing outreach seminars.

As I spoke earlier, we did 34 of those seminars last year alone that reached 3,700 of our industry members. We are providing training to them how to spot a straw purchaser and how to spot the indicators of firearms trafficking to help them better understand that.

We are also using a criminal enforcement effort that if we find a corrupt dealer that we are going after them quite heavily and quite strong and to try to get the largest sanction that we can against that corrupt FFL to send a message to the other FFLs.

We feel like with both the criminal enforcement approach and an outreach approach to those Federal firearms licensees that we can get the best bang for our buck in that way.

Mr. PAYNE. Thank you very much.

Thank you, Mr. Chairman.

Mr. ENGEL. All right. Thank you, Mr. Payne.

I think this concludes our hearing. They are anxious for us to leave the room anyway since our Foreign Affairs Committee is being renovated during a session, which I have never understood, but it is being renovated. We thank the Armed Services Committee for allowing us to use this room.

I want to thank you all, lady and gentlemen, for excellent testimony. I think that of all the hearings we have held in this sub-

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committee this was the best attendance from a members' point of view that I have seen in a long time, which shows that many people have interest in this and that your good work and hard work in all these things that we have discussed today is very much appreciated.

I look forward to continuing to discuss the Merida Initiative and other related topics with all of you.

Thank you all very much. The hearing is now adjourned.

[Whereupon, at 2:13 p.m., the subcommittee was adjourned.]

A P P E N D I X



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January 3, 2008

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The Honorable David Johnson
 Assistant Secretary of State for International Narcotics and Law Enforcement Affairs
 Department of State
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The Honorable Thomas Shannon
 Assistant Secretary of State for Western Hemisphere Affairs
 Department of State
 Washington, D.C. 20520

Dear Sirs:

After our recent hearing on the Merida Initiative and a closer review and examination of the plans for increased narcotics and crime fighting assistance to both Mexico and Central America, I wanted to share some ideas and suggestions with you that should help make this very important and ambitious program even more successful.

Many of us believe these ideas will also help ensure long term support here in the U.S. Congress for this critical and timely initiative to address the threat to Mexico's and our national security posed by illicit drugs and organized crime.

Recommendations Mexico Portion of Merida Plan:

No helicopters should be provided to Mexico without at least 2 full years of spare parts and maintenance provided by us in the first year of the aid package since the Mexican military budget system may not have the necessary flexibility to build in these *vital operational out year expenditures for so large a one time military procurement build up*. If we do *not* provide this out year assistance for maintaining the aircraft in this plan, they may never be adequately used, and we should seek to avoid that scenario.

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In addition, the Administration needs to expeditiously move forward with an Article 98 waiver to help ensure we *can deliver this equipment and actual articles of military assistance to the Mexican army* (helicopters, planes etc) through the FMS system. The use of the State INL monies as requested for these aircraft then through FMS will avoid the potential of too many U.S. State Department civilian contractors in country. The equipment should pass via FMS directly through our military to the Mexican military solely for the best and most transparent management practices, which using FMS insures.

In providing this military assistance, we must also ensure that the equipment is adequately used after delivery to *support and assist civilian police and prosecutors* since fighting illicit drugs is a *traditional law enforcement mission, not a military one*. We should agree on an annual report to Congress on the actual delivered level of *tactical military support* given by the Mexican military to Mexican civilian anti-drug units in the SSP (Public Security Secretary) using the U.S. provided aircraft, as well as assistance provided to civilian prosecutors. This is a critical point.

We should also beef up the aid levels to civilian Mexican police units our U.S. law enforcement agencies work with, especially those that target High Value Targets (HVTs) and go after major drug shipments, and provide even greater assistance and support equipment to these units (including for their own safety and security), which have proven very successful to date in an already violent and dangerous environment.

We can do ever more with these proven civilian police units with more resources. This will also help make this aid package even more civilian friendly versus the current overly heavy, but critically needed military assistance levels to support provided military aircraft.

A public diplomacy effort and program should also be developed and is much needed to help explain the Merida plan. There is already far too much confusion, unfounded suspicions, and serious misunderstandings on this aid plan. For example, we should consider developing a Merida related web site and pamphlet on the most frequently asked questions and answers on this plan to dispel conspiracy theories and many misunderstandings and misconceptions here and in Mexico. This is critical to build major and long term political support both here and in Mexico for the initiative.

Since the very professional and experienced Mexican military is prepared and fully capable of handling the helicopters and aircraft the aid plan provides for, we will not need all of the \$37 million requested for additional personnel, including numerous civilian contractors. These monies ought to be used for other much needed and more important purposes.

For example, we ought to use some of those monies to provide for more support for the civilian police anti-drug units we now work with (\$5 million), and the public diplomacy campaign (\$1 million) as noted above; and in addition buy the Mexican army a helicopter flight simulator (\$2 million) to train all the new pilots so they need not use excessive actual blade hours on aircraft we are providing for this essential training. A flight simulator as part of the first year aid package (not later) as reportedly planned, can and will help make the transition more orderly and faster by providing less expensive flight training for the new Mexican military Bell 412 helicopter pilots in a more effective and timely manner. If you simply redirect the aid already requested in some small ways as noted above, no additional funding should be necessary.

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Recommendations Central American Portion of Merida Plan:

The Mexican government and we fully understand and appreciate the fact that the illicit drug and organized crime problem is just *not* our problem alone, but is a regional one. It requires our partners in Central America (transit zone) and South America (source drug zone) to bear some of the burden and responsibility as well. They, and we, all realize we cannot do this alone. We need a forum and regional mechanism so that these partners can also help to carry out this shared task of fighting drugs and organized crime.

The ideal forum and already existing multi-lateral institution to help develop this *shared regional responsibility* which can produce increased expertise and experience for the police of all the nations in the deadly illicit drug chain is the existing International Law Enforcement Academy (ILEA) in El Salvador. We are pleased to see some aid to ILEA as part of the plan, and it needs much more emphasis on drug fighting however.

ILEA provides modern, state of the art police training for both Central and South American officers and provides a regional forum to develop regional planning, thinking and individual and vital regional "cop to cop" relations. These relations will permit our regional police institutional partners to communicate as rapidly as the bad guys in taking on the illicit drug and organized crime elements in this our common fight.

The current ILEA in El Salvador along with the host government should be co-managed on our side by our Drug Enforcement Administration (DEA) as our lead co-sponsoring agency, *not* the Federal Law Enforcement Training Center (FLETC) as is the case now, given that we are dealing with a narcotics and organized crime driven crisis and DEA's broad and expansive regional equities ought to take priority at this school.

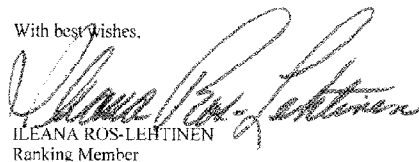
DEA is best suited to use ILEA to promote greater regional drug fighting cooperation and expertise versus FLETC, which has no operational and follow up roles post the ILEA training they are helping provide today. Police schools overseas should be run by operational police agencies like the DEA, and are *not* solely for training purposes only.

Finally, we must also enhance the already proven Culture of Lawfulness training programs and expand them further both in Mexico and also at the ILEA in order to help take on the corruption issue, which could have a significant impact on the effectiveness of the Merida Plan and is the number one challenge we all face on this very bold and unique initiative.

I appreciate your consideration of these suggestions and would hope that your staffs could have a chance to sit down with my professional staff member on this matter Mr. John Mackey (225-6360) so we can share in greater detail some of our thinking and experience in other parts of the world with major CN and organized crime programs.

We ought not to lose this unique opportunity to help promote greater security along the border and interrupt the deadly flow of drugs into our nation.

With best wishes,



ILEANA ROS-LEHTINEN
Ranking Member

PREPARED STATEMENT OF THE HONORABLE GENE GREEN, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Mr. Chairman, I thank you for holding this hearing, and I want to welcome our witnesses.

On October 22, 2007, the United States and Mexico issued a joint statement announcing a multi-year plan for 1.4 billion dollars in U.S. assistance to Mexico and Central America to combat drug trafficking and other criminal organizations.

A couple of weeks before this announcement, I was fortunate enough to travel to Mexico City to meet with the Mexican Congress in order to discuss what this aid package can do to stop illicit drugs from entering both of our countries and our respective counter-narcotics efforts.

While the Mexican Congress welcomed our support, they are concerned that this initiative could turn into another Plan Colombia.

This is why the Mexican government would rather have the money for technology and equipment than U.S. personnel entering their country to address drug smuggling.

I think that we need to address their concerns today, especially since we are discussing the United States obligations under this Initiative.

According to the plan, 59% of the grant money will be earmarked for civilian agencies responsible for law enforcement.

This is much needed, but the number and complexity of Mexico's security agencies will need more than cash to reform.

Many of their federal agencies have earned a reputation for ineffectiveness and corruption, and I am interested to know how the United States plans to realistically address this issue.

However, since the announcement of the Initiative, the U.S. government has stepped up its efforts in working with Mexican and Central American law enforcement agencies in several ways to sharpen their focus on cross-border collaboration.

So far, these efforts have been successful, and I am hopeful that this is the first of many successes that this endeavor will have.

I represent a district in Texas, and I have seen how these security threats can impact the daily lives of many Texans as well as how it often diverts state resources from other areas like education, housing, and other police operations.

I believe that this Initiative is necessary and that it can be successful, and I applaud what President Calderon has been doing since he took office to address this issue.

However, I think that we need to continue an open dialogue with all of the Initiative countries and keep each other accountable.

This is a critical first step to breaking up the cartels and preventing the flow of drugs through Mexico and into the United States.

I look forward to the testimony from our witnesses today, and I again thank the Chairman for holding this hearing.

PREPARED STATEMENT OF THE HONORABLE HENRY CUELLAR, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF TEXAS

Thank you Chairman Engel and ranking member Burton for allowing me to participate today in the House Foreign Affairs Committee, Subcommittee on Western Hemisphere Affairs hearing on U.S. Obligations under the Merida Initiative.

I recently led a Congressional Delegation to Mexico under the auspices of my duties on the Committee for Homeland Security to specifically look at the impact the drug trafficking organizations are having on the security of the US border and determine the impact these crimes are having on our law enforcement personnel, border security and our interior enforcement. Living in Laredo, I see the negative consequences associated with Mexico's deteriorating security and understand the impact these criminal syndicates have on our interior security. I applaud Chairman Engel for convening this hearing and inviting representatives from the law enforcement agencies who are best suited to attack the specific crimes associated with the Mexican crime syndicates. I am pleased to see the agencies represented here today that are addressing head on the money laundering, drug, alien and weapons smuggling. For the record, I want to recognize the efforts of DHS, FBI, DEA and ATF law enforcement personnel represented here today for their heroism, professionalism and dedication to keeping our nation safe and secure.

I went to Mexico on a fact finding mission to get a sense of what we were being asked by the Mexican President and what he expected. I also wanted to see how this initiative to support Mexican law enforcement activities relates to our efforts to secure our borders and our interior enforcement duties. What I learned is the di-

rect link to the Mexican's enforcement activities and the level of violence associated with the border. The lawlessness in Mexico is the cause and effect linking the demand for illegal drugs to the United States. Although there has been some level of reduction in the US the demand remains high making the movement of drugs from Mexico north to the US profitable. In turn the need to arm the Mexican criminal syndicates supports the flow of weapons south into Mexico. Bulk money shipments into the United States from Mexico links the criminal activities and is another example why law enforcement cooperation is needed between the two nations.

What I learned on my trip to Mexico is President Calderon is in a fight against Mexican criminal organizations that he can not afford to lose and he needs our help. Doing nothing is not an option for Mexico and for the United States. His fight is our fight. President Calderon owes it to his people as we owe to our citizens. The Mexican government needs our support and they are committed to securing their country as was witnessed during our visit when the President Calderon deployed the Mexican military to the northern Mexican/US border to address increasing levels of violence.

I hope my Congressional colleagues will look at the security cooperation package as a comprehensive package to include initiatives on both sides of the US/Mexican border and the hearings today support this approach. The Mexican government has asked for our help to stop the flow of US purchased weapons from getting into Mexico. ATF's recently announced initiative "Operation Gunrunner" is a concrete example of our government's commitment to stem the flow of guns into Mexico. I was pleased to see that in the Justice Department's 2009 budget submission a \$100 million dollar request for a Southwest Border Enforcement Initiative to focus Department of Justice law enforcement and prosecutorial efforts to combat violent crime, gun smuggling, and illicit drug trafficking.

The Merida Initiative is important to the security of Mexico and the United States but equally important is the need to develop the Mexican government's capacity to improve the economic conditions of their most disadvantaged citizens. I hope the Administration will work to develop an economic development package as part of the Merida Initiative.

Again, I thank the Chairman and the Ranking Member for allowing me to participate in these hearings. Having grown up on the Border I understand the unique relationship the border cities have with each other and it saddens me to see how increasing violence has changed the way of life on both sides of the border.

WRITTEN RESPONSES FROM THE HONORABLE MARISA R. LINO, ASSISTANT SECRETARY, OFFICE OF POLICY/INTERNATIONAL AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY, FORMER U.S. AMBASSADOR, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

When the United States deports people for violation of a law, it is my understanding that the United States government informs the foreign government of the crime or violation which directly triggers the deportation. I have heard that the United States has deported people for a minor crime but a number of these individuals may have committed major crimes in their past—crimes about which the foreign government is unaware. In other words, we may not be informing a foreign government of the full record of convictions of a deportee. I think this is a serious error on our part and not fair to the foreign recipient government which needs to prepare to handle the individual. This information was elicited at July 24, 2007 Western Hemisphere Subcommittee hearing. (see pages 24–6 <http://www.hcfa.house.gov/110/36988.pdf>)

In the future, will we turn over the full conviction record of all criminal deportees to a foreign government? If not, why not? Some have argued that we should turn over the full "rap sheet" of a deportee to the foreign recipient government. Will we do that? If not, why not? Has DHS raised this issue with FBI if they control the records? What response have you gotten?

Response:

DHS is responsible for arranging for deportation of illegal migrants to their home countries. DHS/ICE generally provides information only on the charge for which the migrant is being deported. There are several reasons why they cannot provide additional information.

- A "national criminal dossier database" doesn't actually exist. The closest approximation is the National Crime Information Center (NCIC), which is

owned and managed by the FBI. While DHS/ICE has access to that information in criminal cases, the disclosure of NCIC information to outside parties is governed by the Privacy Act of 1974 and Third Agency Rule. These prohibit one law enforcement entity from providing information originating in another agency without first receiving consent from the originating agency.

- Since NCIC records are owned by the Department of Justice and maintained by the FBI, ICE cannot provide full conviction records for an individual. The other source of information accessible to DHS is the Treasury Enforcement Communication System (TECS). Unfortunately that system is incomplete, as it only contains Treasury charges.
- DHS, the Department of State, and the Department of Justice are looking into negotiating an agreement that would permit the disclosure of NCIC-controlled information to foreign governments. Resolving the rap sheet issue will further USG/Central America cooperation on a broad range of law enforcement issues.

DHS recognizes the value to the acquiring country of having as complete a criminal history as possible on these deportees. How that is accomplished must be coordinated with the Department of State, which executes information sharing agreements between the United States and foreign governments, and the FBI, which is the source of criminal history record information relied upon by DHS for in deportation proceedings. For this reason, as part of the Department of State's Merida Initiative, the DHS Immigration and Customs Enforcement is working with the FBI to develop a program specifically designed to facilitate the exchange of criminal history record information regarding criminal deportees with foreign governments and law enforcement agencies.

Question:

Some have argued that the Department of Homeland Security—and specifically Customs and Border Patrol (CBP)—focuses its attention only on human and contraband flows going north.

Does CBP intend to put more resources into tracking firearms and other contraband materials going south into Mexico? Or, do you think that we should be focusing our efforts simply on items going north? Should Mexico's police and border patrol be doing more to stop firearms entering their country?

Response:

CBP does not have the resources to staff outbound inspections on a permanent basis. Therefore, CBP, U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), and the U.S. Drug Enforcement Administration (DEA) have developed a joint strategy aimed at identifying and disrupting the illicit cross border trafficking of firearms and ammunition. This same concept can be employed on all illicit contraband being smuggled out of the U.S. into Mexico. CBP's focuses on all criminal activity that crosses the border both inbound and outbound. CBP continues to seek avenues to coordinate efforts with the Government of Mexico, and believes that the Merida Initiative provides an excellent mechanism to do this. The Merida Initiative would also provide non-intrusive inspection equipment to the Government of Mexico that they intend to use to indict flows of drugs, cash, and arms both out of, and into, Mexico.

WRITTEN RESPONSES FROM MR. KENNETH W. KAISER, ASSISTANT DIRECTOR, CRIMINAL INVESTIGATIVE DIVISION, FEDERAL BUREAU OF INVESTIGATION, U.S. DEPARTMENT OF JUSTICE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

When the United States deports people for violation of a law, it is my understanding that the United States government informs the foreign government of the crime or violation which directly triggers the deportation. I have heard that the United States has deported people for a minor crime but a number of these individuals may have committed major crimes in their past. In other words, we may not be informing a foreign government of the full record of convictions of a deportee. I think this is a serious error on our part and not fair to the foreign recipient government which needs to prepare to handle the individual. This information was elicited at a July 24, 2007 Western Hemisphere Subcommittee hearing (see pages 24-6,

www.hcfa.house.gov/110/36988.pdf). When this question came up at the hearing, the Department of Homeland Security witness said the following o[n] the record:

“DHS is not the owner of NCIC. The FBI owns and operates NCIC for official criminal justice purposes. Criminal justice information is information needed for the performance of a criminal justice agency’s legally authorized, required function. Data stored in NCIC is DOJ Sensitive.”

In the future, will the FBI, in cooperation with DHS, turn over the full conviction record of all criminal deportees to a foreign government receiving a deportee? If not, why not? Some have argued that we should turn over the full “rap sheet” of a deportee to the foreign recipient government. Will we do that? If not, why not? Has DIIS raised this issue with FBI? What response has the FBI given?

Response:

The Federal Bureau of Investigation (FBI) understands the value to the acquiring country of having as complete a criminal history as possible on these deportees and is aware that this must be coordinated with the Department of State and the Department of Homeland Security (DHS). For this reason, the FBI plans to work closely with these agencies to develop a program specifically designed to facilitate the appropriate exchange with foreign governments and law enforcement agencies of the criminal histories of these deportees.

Question:

As the Christian Science Monitor reported in a July 2007 editorial, more than 90% of the thousands of guns confiscated yearly in Mexico originate in the United States. Many of these guns are purchased at gun shows and flea markets in Border States, and then trafficked into Mexico. In conjunction with the Merida Initiative, will the FBI and ATF be doing more to monitor gun shows on the Southwest border? Do your agencies have any specific plans to more aggressively combat the so-called “straw purchases” that take place at gun shows?

Response:

The FBI’s responsibilities do not include monitoring gun shows on the Southwest border or addressing the “straw purchases” that take place at gun shows. Because this falls within the Bureau of Alcohol, Tobacco, Firearms and Explosives’ activities, and the same question was posed to them, they are in a better position to respond to this inquiry.

WRITTEN RESPONSES FROM THE HONORABLE WILLIAM J. HOOVER, ASSISTANT DIRECTOR, OFFICE OF FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE, TO QUESTIONS SUBMITTED FOR THE RECORD BY THE HONORABLE ELIOT L. ENGEL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, AND CHAIRMAN, SUBCOMMITTEE ON THE WESTERN HEMISPHERE

Question:

How effective is eTrace in curbing the flow of firearms into Mexico? Can you point to tangible results from eTrace in the past?

Response:

eTrace is the Web-based transmission system for firearms trace requests and firearms trace results from ATF’s National Tracing Center. eTrace provides for the electronic exchange of crime gun incident-related data in a secure Web-based environment. Ensuring the timely and comprehensive tracing of recovered firearms by the Government of Mexico is a critical component in curbing the flow of firearms from the United States into Mexico. The system allows for ATF to provide investigative leads on the sources, types, and possible routes used by firearm traffickers. Specifically, trace data provides information on the first retail sale, which allows ATF to identify both the Federal firearms licensee that sold the firearm and the person who originally purchased the firearm.

Firearms tracing is critical as it allows ATF and its partners to identify trafficking corridors, patterns and schemes, as well as traffickers and their accomplices. The information then enables law enforcement to target and dismantle the infrastructure supplying firearms to the Drug Trafficking Organizations in Mexico. The tracing efforts supported by the government of Mexico and the data resulting from the traces lead to the interception of trafficked arms. This strategy is more productive than primarily relying on the limited border searches conducted on outbound persons going from the U.S. into Mexico.

ATF has had numerous successes based on the use of eTrace information. Two eTrace based case examples follow:

- In January 2007, industry operation investigators provided information to special agents regarding the sale of 72 firearms between March and December 2006. Additional investigative efforts revealed that the firearms of choice were Bushmaster rifles, Beretta pistols and FN pistols and rifles. During a 15-month time frame, the organization, comprised of six main individuals, but involving 22 purchasers, made a total of 93 purchases (328 firearms) at a cost of \$352,134.04. Twenty-six of these firearms were recovered in Mexico and traced back to the U.S. using eTrace. Additionally, the firearms recovered have been tied to eleven homicides committed by “hit men” from the Mexican drug cartels.
- In December 2007, ATF’s Crime Gun Analysis Branch identified a person living in a U.S. city located along the U.S./Mexico border as the purchaser of three firearms that had been traced by Mexico and involved in three separate crime scene recoveries. An investigation quickly revealed that the suspect purchaser was also responsible for a fourth firearm also recovered and traced in Mexico. The trace data also identified the Federal licensed firearm dealer (FFL) purchase locations of these firearms. An ATF review of the FFL’s records revealed that the suspect had purchased 111 AR-15 type rifle/pistol receivers (operating section of firearm with serial number), two pistols, and five long guns within an 8 month period from these locations.

In February 2008, after a thorough investigation that involved numerous queries, surveillances, and interviews, ATF went to the residence of the suspect and recovered 80 firearms and took them into custody for seizure. During the search of the residence, ATF agents learned that the suspect was in the business of assembling firearms in his home from parts. He would secure rifle/pistol receivers and assemble them into complete firearms using additional gun parts he had ordered from different places. The suspect admitted to assembling firearms from parts and selling them to several persons from his home without the required permits or licenses. The suspect confessed to selling over 100 of the assembled firearms to one person. Some of the purchasers of the suspect’s firearms have now been identified as having ties to drug organizations. Federal charges against the principal suspect are pending for illegally dealing and manufacturing firearms. The other suspects are still under investigation by ATF.

Question:

Can you describe your cooperation with Mexico under the eTrace program? How many weapons are traced versus the number actually confiscated?

Response:

eTrace technology is a critical component of the resources that have been deployed strategically on the southwest border to combat the illicit trafficking of firearms into Mexico. ATF has recently increased its law enforcement cooperation with Mexico to combat the growing firearms violence in Mexico. ATF has established a strong partnership with the Government of Mexico. U.S. Attorney General Mukasey and Acting ATF Director Sullivan met in January of 2008 with their Mexican counterparts to promote information sharing and cooperation in firearms trafficking investigations and to stress the value of tracing firearms. ATF’s Mexico City attaché and his staff have regular contact with Mexican law enforcement to discuss ways that communication and information sharing can be strengthened. ATF has also deployed eTrace to all nine of the U.S. consulates and the Embassy in Mexico. ATF recently provided additional ATF special agents in Mexico and increased the number of agents and investigators on the U.S. side of the southwest border. ATF is also expanding its ability to gather and share intelligence on firearms trafficking by increasing the ATF staffing at the El Paso Intelligence Center (EPIC).

It is difficult for ATF to approximate the total numbers of firearms confiscated by Mexico. Mexico does not provide to ATF the total number of firearms seized by their military and law enforcement agencies. Between FY 2005–2007, Mexican authorities submitted to ATF approximately 6,000 firearms trace requests, a fraction of the estimated total number of firearms recovered by Mexican authorities. However, the number of firearms trace requests did increase substantially from 2,094 in FY 2006 to 3,312 in FY 2007. Commitment to the tracing program by the Government of Mexico can be attributed to this increase.

By using eTrace, critical trace information can be entered in all nine Mexican states along the southwest border. ATF’s ultimate goal is to deploy eTrace to all 31 Mexican states. ATF is also working to use asset forfeiture monies to deploy Span-

ish versions of eTrace, which should improve the usage levels by the Government of Mexico. We have also provided training in Spanish and English to law enforcement officials in Mexico and on the border on firearms identification tracing techniques and firearms trafficking.

ATF has established through its Southwest field divisions, to include Dallas, Houston, Los Angeles and Phoenix, ATF special agents who act as border liaison contacts with the Procuraduría General de la República, the Office of the Attorney General's representative for Mexico. They meet regularly to coordinate firearms trafficking investigations.

Question:

What is the status of your efforts to expand this program into Central America?

Response:

Firearm trafficking is not restricted to the U.S.-Mexico border; it has become a regional problem. Consequently, ATF has been working with the State Department to expand the use of eTrace throughout the hemisphere, including Central America. The announcement by the Administration of a foreign assistance program to increase law enforcement support to Central America includes funding for expanding anti-trafficking efforts such as training of foreign law enforcement in the use of eTrace. The additional funds proposed in the Merida Initiative include a regional firearms advisor in Central America who will provide additional support to anti-trafficking efforts.

Question:

Can gun trace data be used by the FBI and ATF to identify firearms dealers at gun shows and flea markets who are consistently engaging in "straw purchases"?

Response:

Although trace data alone cannot be used to identify potential straw purchases at gun shows, they can be valuable in ultimately identifying illicit transactions.

ATF regularly analyzes trace data to identify potential illegal activity, including straw purchases. However, trace data alone would not indicate whether a potential straw purchase occurred at a gun show. The results of firearm traces indicate the Federal firearms licensee (FFL) that sold the firearm and the purchaser, but they do not indicate the location of the sale, i.e., the FFL's primary location or an alternative premise, such as a gun show. Nevertheless, ATF agents, using trace data as a lead, can examine an FFL's acquisition and disposition records, (which record the location of the sale), to determine if the firearm was transferred at a gun show.

It should also be noted that, under Federal law, private sales of firearms, which occur routinely at gun shows, are not required to be recorded, which means that many cannot be successfully traced. Moreover, Federal regulations prohibit FFLs from operating at flea markets.

Question:

What would ATF do if eTrace data showed an individual making repeated purchases of guns from gun shows along the border? Is this enough for ATF to begin an investigation of that individual for trafficking? Would you need more information? If so, what type of evidence would allow you to open an investigation into an individual for gun-running into Mexico?

Response:

If ATF's eTrace program highlighted an individual making repeat purchases of firearms from gun shows along the southwest border, that information alone would not be indicative of criminal activity on the part of any dealer or individual, and would not automatically trigger an investigation. However, this would allow ATF to begin to gather additional intelligence to determine other factors regarding the purchases. ATF utilizes information from a variety of sources to initiate criminal investigations. This includes trace data as well as the information on the type of firearms being purchased (trafficker's weapons of choice), the length of time from the purchase date to the time that the firearm(s) was recovered in Mexico ("time-to-crime") and if the purchaser is making multiple purchases of firearms from other firearms dealers. At any point during this preliminary investigative analysis, an investigation can be initiated if the agent or supervisor determines that an actual investigation is warranted.

Question for FBI, ATF:

As the Christian Science Monitor reported in a July 2007 editorial, more than 90% of the thousands of guns confiscated yearly in Mexico originate in the United States.

Many of these guns are purchased at gun shows and flea markets in Border States, and then trafficked into Mexico.

In conjunction with the Merida Initiative, will the FBI and ATF be doing more to monitor gun shows on the Southwest border? Do your agencies have any specific plans to more aggressively combat the so-called "straw purchases" that take place at gun shows?

Response:

ATF cannot be certain as to what exact percentage of guns recovered in Mexico are from the United States. Last year, Mexican authorities submitted 3,312 weapons for tracing, and about 90 percent originated in the United States, according to ATF's analysis. Many of these firearms are likely to be used guns, based upon our evaluation of the time-to-crime, which is the amount of time from the first retail sale until the gun's recovery by law enforcement.

Because the Merida Initiative is a foreign assistance program, it does not provide direct funding to ATF to combat illicit firearms trafficking in Mexico. Merida, however, does provide funds for an advisor in Central America to coordinate training and firearms tracing for the region. ATF combats the illicit trafficking of firearms (including firearms illicitly acquired at gun shows) through Project Gunrunner. Project Gunrunner has shown that gun shows are one source of weapons recovered in Mexico. Gun shows are targeted where reasonable suspicion exists that illegal firearm trafficking is taking place and that a specific gun show is a source of crime guns.

A key component for stemming the illicit flow of firearms between Mexico and U.S. Border States is ATF's inspection of Federal firearms licensees (FFLs) in the affected areas. These inspections detect and prevent the diversion of firearms. Through our industry operations activities we have identified Federal firearms licensees who may be actively participating in trafficking schemes including straw purchasing activities. Our compliance inspections of primary retailers and pawnbrokers in the four field divisions along the border also help identify suspected traffickers or straw purchasers. It is estimated that there are over 6,647 FFLs along the U.S.-Mexico Border in contrast to approximately 35 Industry Operations Investigators and 100 special agents stationed along the border, who are dedicated to investigating firearms trafficking.

As such, ATF has used outreach to improve relations with firearms industry members, to promote voluntary compliance, which has led to licensees' providing assistance in recognizing and preventing straw purchases.

In December of 2007, the ATF announced the commencement of Project Gunrunner, a comprehensive, directed strategy designed to utilize ATF's unique regulatory and investigative expertise in abating the virtually unrestricted flow of U.S. sourced firearms for use by violent drug trafficking organizations in Mexico. Through Project Gunrunner, ATF special agents and inspectors stationed along the Southwest Border focus on the identification and prosecution of illicit sources of firearms bound for Mexico. ATF also tracks and traces all large-scale, DTO-related firearms seizures made in Mexico.

The strategy is to work in conjunction with our domestic and international law enforcement partners to deny firearms, which are the "tools of the trade" used by criminal organizations operating in Mexico and along the border. ATF's gun desk located at EPIC serves as a central repository for weapons-related intelligence. The gun desk compiles illicit weapons information and intelligence from federal, state, and local law-enforcement agencies, as well as foreign governments such as Mexico.

ATF collaborates with the Government of Mexico and supports Mexican law enforcement institutions, and helps build capacity through training in Firearms and explosives identification, serial number restoration, post-blast investigation, render safe explosives training and canine training.



**COMBATING BORDER VIOLENCE: THE ROLE OF
INTERAGENCY COORDINATION IN INVESTIGATIONS**

HEARING

BEFORE THE

SUBCOMMITTEE ON BORDER,
MARITIME, AND GLOBAL
COUNTERTERRORISM

OF THE

COMMITTEE ON HOMELAND SECURITY
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**COMBATING BORDER VIOLENCE: THE ROLE
OF INTERAGENCY COORDINATION IN
INVESTIGATIONS**

Thursday, July 16, 2009

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON BORDER, MARITIME,
AND GLOBAL COUNTERTERRORISM,
COMMITTEE ON HOMELAND SECURITY,
Washington, DC.

The subcommittee met, pursuant to call, at 10:09 a.m., in Room 311, Cannon House Office Building, Hon. Loretta Sanchez [chairwoman of the subcommittee] presiding.

Present: Representatives Sanchez, Thompson, Lofgren, Jackson Lee, Cuellar, Kirkpatrick, Green, McCaul, and Rogers.

Ms. SANCHEZ. [Presiding.] The subcommittee will come to order.

The subcommittee will come to order. The Subcommittee on Border, Maritime and Global Counterterrorism is meeting today to receive testimony on "Combating Border Violence: The Role of Inter-agency Coordination in Investigations."

Good morning, everybody.

I want to thank our panel of witnesses for being here today. And I know that my ranking member will not be here today, because he has a markup in another committee, I believe. And so, Mr. McCaul, we thank you for being here and making this a bipartisan hearing. We appreciate that.

Today's hearing is crucial to securing our borders and further reducing the violence in Mexico that has resulted in over 6,200 drug-related deaths just in this past year. The weapons used in the drug violence in Mexico largely come from the United States, as does the demand for drugs that pays for those weapons.

This hearing is, I think, a timely opportunity to discuss the growing security problem and the violence happening at the border.

And on a side note, this is the first time that the Drug Enforcement Administration and the Bureau of Alcohol, Tobacco, Firearms and Explosives have testified alongside our Immigration and Customs Enforcement agency in this subcommittee since I have been the chairwoman. So, that is already cooperation right there. Thank you.

Thank you all for being here.

The hearing comes after two major announcements by your respective agencies. Recently, ICE renewed outstanding memoranda of understanding, or MOUs, with both the ATF and the DEA to better coordinate and investigate the gun and drug related cases.

(1)

These agreements come after much negotiation and hard work by both the Department of Homeland Security and the Department of Justice.

And I want to salute both Secretary Napolitano and our Attorney General Holder for negotiating these agreements within the first 6 months of this administration. I know they worked very, very hard at it, and I am sure you were all involved.

It is important to note that some of these memoranda of understanding, these MOUs, had not been updated since the 1970s. And as we know, the drug and drug cartel and how they work has become so much more sophisticated in the last almost—over 35 years.

The updated ICE and DEA agreements recognized inherent expertise that the Department of Homeland Security has in combating large smuggling rings and in investigating these rings internationally and domestically, both.

Further, the agreements will allow ICE to fully participate in DEA's Organized Crime Drug Enhancement Task Force Fusion Centers, which have been critical resources in this whole issue of drug related cartel and information.

Also, as the largest investigative arm in the Department of Homeland Security, ICE has the authority to investigate the unlawful importation and exportation of weapons and firearms and drugs into the United States. A renewed agreement between ICE and ATF is crucial, given that ATF has responsibility for investigating domestic weapons violations.

And further, the ATF has the comprehensive e-Trace database, which has been really the most incredible resource for us when we are trying to see the purchase and trace some of these firearms that have ended up in Mexico.

Information sharing between the three agencies which are responsible for all the investigations of drug and weapons violations at the border is really central to our southwest border strategy. And in fact, that is why we are having this hearing, to make sure that you all are cooperating, talking to each other, enhancing what we really consider is a critical process.

In the recent reports from the GAO office, before the MOUs were announced, of course, they had concerns about the types of communication and coordination, or lack of, that were happening between you all.

One example was the widely reported situation where an ICE agent unknowingly conducted surveillance on an ATF agent, who was pursuing a suspected trafficker. So, we want to avoid those situations.

We want to know who the good guys are and who the bad guys are, and want you all working together, because, quite frankly, we have limited resources—very scarce resources with respect to trying to do some of this. And these are very important issues.

So, I am very optimistic that we are going to move forward, and move forward in a very positive way with the relationship between your respective agencies. I am hopeful that the agreements will work out, and that any technical issues, or what have you, we can manage over time.

And I look forward to your testimony and to the answers to the questions that our subcommittee members will have.

I will yield to Mr. McCaul, in case his side has an opening statement.

Mr. McCAUL. Thank you, Madam Chair. I asked to substitute in at the last minute here, so I appreciate—

Ms. SANCHEZ. You are a pretty good substitute. We will take you. [Laughter.]

Mr. McCAUL. —your yielding to me.

I would like to, first of all, enter into the record—request that Mr. Souder's opening statement in its entirety be entered into the record.

Ms. SANCHEZ. So be it.

[The statement of Mr. Souder follows:]

FOR THE RECORD

PREPARED OPENING STATEMENT OF THE HONORABLE MARK E. SOUDER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA, AND RANKING MEMBER, SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM

Thank you Madam Chair. Four months ago this Subcommittee held a hearing on border violence that provided some valuable insight into DHS capabilities and strategies for the growing violence and tension along the Southwest border. Mr. Kibble, welcome back.

Since that time, the Federal government, especially the agencies represented here today, have deployed hundreds of additional personnel to the border, sought ways to increase cooperation and intelligence sharing, and enhanced partnerships with the Mexican government.

While good work is being done, several cases of Mexican cartel violence this week provide a terrible reminder of the viciousness of the cartels and the lengths they will go to maintain their smuggling operations. Last Saturday, six different attacks were carried out against the police and another officer was killed on Monday during an attack on their convoy. Two days ago, Mexico woke up to 12 bodies of tortured and slain police officers.

In March, a Special Agent from the DEA in El Paso testified before Congress that Mexican drug traffickers earn between \$8 billion and \$24 billion annually. In order to break down these criminal networks, secure our borders, prevent violence from spilling over, and assist our Mexican counterparts, there must be coordination between agencies, with state and local law enforcement, and with foreign partners.

In front of us today, we have three witnesses representing a combined investigative force of over 13,000 special agents. This hearing is an important opportunity to hear how they are working together, what impact the new MOUs will have on the agents in the field, and what progress is being made to compromise the drug trafficking organizations and close down their smuggling organizations.

I would like to apologize up front that I will likely have to leave early to attend a markup in another Committee on the health care legislation. In case I may not have time to ask questions of the witnesses, there are a few issues that I want to put on the record now that need to be addressed:

1. I think both of the new MOUs are steps in the right direction and it will be several months and possibly a year to see if they are having the intended impact in the field. However, I am extremely concerned about a Notice that was circulated by DEA in April effectively ending all ICE counternarcotics investigations in the Caribbean. According to the Notice, something very significant happened between the two agencies in that area resulting in DEA deciding not to allow any more ICE agents. I want to know what happened, that status of the Notice, and if the new MOU provides a sufficient framework to address these issues before such a drastic step is taken that could have compromised many investigations.

2. Information sharing and coordination are essential for the agencies to work together. As I look at a partial list of all of the different fusion centers, task forces, and initiatives between involving just these three agencies, I wonder if we are running the risk of duplicating efforts or going back to pre-9/11 stove-piping. It is important for the witnesses to address how these entities work together and not in a vacuum.

Mr. McCAUL. And just a few points that he makes in his opening statement that I want to bring out as well is, while good work is being done, several cases of Mexican cartel violence this week provided a terrible reminder of the viciousness of the cartels and the lengths they will go to maintain their smuggling operations.

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In order to break down these criminal networks, secure our borders and prevent violence from spilling over, and assist our counterparts, there must be coordination between these agencies and state and local law enforcement, and with our foreign partners.

In front of us today we have these three witnesses representing a combined investigative force of over 13,000 special agents.

And on a personal note, I had the opportunity to visit EPIC a couple of months ago and see the great work that they are doing there. As we looked across the river to Juarez, which arguably—I know the violence has gone down, thank God. But at the time, arguably, it was probably the most violent city in Latin America, where we have police officers being assassinated every 2 days, every 48 hours.

So, this is a very, very important mission. I know with all the debate going on in the Congress over energy and health care right now, this is one of those issues that maybe is taking a back seat. But I think it is still, in my view, one of the most important issues that we have in this nation. It does, after all, involve our national security.

And with that, Madam Chair, I will yield back.

Ms. SANCHEZ. I thank the substituting ranking member, Mr. McCaul, from Texas.

I would ask our full committee chairman, Mr. Thompson, if he would have an opening statement?

Mr. THOMPSON. Yes, ma'am.

Ms. SANCHEZ. Well, then, I will recognize you. How is that, Mr. Chairman?

Mr. THOMPSON. All right.

Thank you very much, Madam Chairman. And I would like to thank you for convening this important hearing.

I would also like to thank our witnesses for being here today, to testify about how their agencies are fighting the narcotics and weapons trade that fuels violence along the U.S.—Mexico border.

These statistics, however, are very grim. Drug-related deaths have more than doubled in the past 2 years. Data on arms seized in Mexico show a growing number of increasingly lethal weapons being seized.

For too long, this important fight has been hampered by turf battles and a lack of cooperation among fellow agencies responsible for keeping drugs and guns from crossing the border illegally. Memorandums of understanding, which were supposed to foster coopera-

tion among agencies in such investigations, were not updated for years—and in some instances, decades.

Agencies were unwilling to depart from the old ways of doing things, so efforts to update the agreements remained in limbo, even after the Department of Homeland Security was created. As a result, there was confusion about roles and responsibilities, and personnel that could have assisted in some of these cases were unable to do so, because of outdated constraints.

In short, Madam Chair, narcotics and weapons investigations were simply not as effective as they could have been.

Recently, however, the Obama administration has taken significant steps to address the problems. Just last month, ICE and Customs Enforcement signed new interagency agreements with the Drug Enforcement Administration and the Bureau of Alcohol, Tobacco, Firearms and Explosives. These agreements were intended to better coordinate narcotics and weapons investigations, and provide additional resources to fight violence along the border.

In particular, the ICE–DEA agreement allows for an unlimited number of ICE agents to be what is referred to as cross-designated to investigate drug cases with a nexus to the border. This change is long overdue and will put ICE's 6,000-plus agents and DHS's sizable presence at our nation's border to better use.

It is important to note that MOUs are not a panacea for the coordination challenges faced by the agencies. Years of operational practice cannot be changed overnight with the stroke of a pen. Instead, it will take commitment—from the secretary of Homeland Security and the attorney general on down to the agents in the field—to make these agreements work.

The American people, who continue to be concerned about possible spillover of border violence, expect no less. And certainly, Congress expects no less.

I can assure you that this committee will monitor implementation of the MOUs closely and do everything possible to make certain that they are effective.

I hope to hear, however, from our witnesses about that commitment to these agreements and to ensuring a unified federal law enforcement response to drug and weapons trafficking across America's borders.

Again, thank you, witnesses, for being here.

And again, Madam Chair, thank you for convening this hearing, and I yield back.

Ms. SANCHEZ. Thank you, chairman, for being here today.

Other members of the subcommittee are reminded that under the committee rules, opening statements may be submitted for the record.

And so, now we welcome the panel of witnesses.

Our first witness, Mr. Kumar Kibble, is deputy director of U.S. Immigration and Customs Enforcement's Office of Investigations. In that capacity, he serves as the chief operating officer for the largest investigative arm of the Department of Homeland Security.

He is also responsible for policy, planning, management and operations aimed at countering transnational, national security and public safety threats arising from illicit travel, trade and finance. Mr. Kibble began his federal law enforcement career as a special

agent with the United States Customs Service in Los Angeles, California.

Welcome.

And our second—I am going to go through the bios, and then we will go to our witnesses.

Our second witness, Mr. Anthony Placido—welcome—leads the Drug Enforcement Administration's intelligence program. His responsibilities include serving as senior officer for the United States' intelligence community and providing executive leadership for the headquarters based Intelligence Division, the Organized Crime Drug Enforcement Fusion Center, and the El Paso Intelligence Center.

He is also responsible for information sharing and exchange protocols. And Mr. Placido manages a budget of over \$100 million and develops policy for a staff of 1,300 people. He began his law enforcement career in 1979, with the U.S. Customs Service, and joined DEA the following year.

And our third witness, Mr. William McMahon, is deputy assistant director for the Office of Field Operations at the Bureau of Alcohol, Tobacco, Firearms and Explosives, or the ATF—long title there. In this position, he oversees the day-to-day operations of the seven westernmost ATF field divisions, as well as the bureau's International Affairs Office.

Previously, he served as a special agent in charge of ATF's New York field division. And so, he began his career with the ATF in 1987 as a special agent in New York City.

So, without objection, we are going to put your written testimony into the record. And I will ask you to summarize what you have written to us, and anything else you think we need to know, in 5 minutes apiece or under.

So, we will start with Mr. Kibble. Welcome back again.

STATEMENT OF KUMAR KIBBLE, DEPUTY DIRECTOR, OFFICE OF INVESTIGATIONS, IMMIGRATION AND CUSTOMS ENFORCEMENT, DEPARTMENT OF HOMELAND SECURITY

Mr. KIBBLE. Thank you, Chairwoman Sanchez, Chairman Thompson, distinguished members of this subcommittee.

On behalf of Secretary Napolitano and Assistant Secretary Morton, thank you for the opportunity to discuss ICE's role in combating border violence through interagency coordination. We work closely with our foreign and domestic law enforcement partners to conduct multiagency investigations, enabled by robust domestic and cross-border coordination and information sharing.

ICE has the largest force of investigators in the Department of Homeland Security. More than 6,500 ICE agents detect, disrupt and dismantle cross-border criminal networks engaged in the smuggling of people, narcotics, bulk cash and weapons across our borders.

ICE's efforts, along with the broader U.S. government response to Mexican drug cartel violence, require effective operational collaboration and expanded information sharing with our domestic partners and the government of Mexico. ICE facilitates these objectives through unique initiatives, such as Operations Armas

Cruzadas and Firewall, the Border Enforcement Security Task Forces and the Law Enforcement Information Sharing Service.

We also partner with federal, state and local law enforcement partners in national and regional deconfliction and coordination centers. And just last month, we renegotiated the formal inter-agency agreements with both DEA and the ATF to facilitate even closer coordination and expanded information sharing.

ICE attache personnel are working closely with their Mexican counterparts to build a specialized, vetted investigative unit consisting of Mexican prosecutors and law enforcement personnel. This information sharing platform will facilitate exchange of weapons related leads for coordinated investigation of U.S. leads by U.S. agencies and Mexican leads by Mexican agencies.

ICE and our sister agency, CBP, have stepped up our efforts to interdict southbound weapons smuggling. ICE has intensively deployed resources for Armas Cruzadas, this collaborative effort with the Mexican government, to identify, disrupt and dismantle the criminal networks that move these arms across our border.

Since its inception, Armas Cruzadas has resulted in the seizure of 1,600 weapons, more than \$6.4 million and over 180,000 rounds of ammunition, as well as the arrest of almost 400 individuals on criminal charges, resulting in 124 indictments and 74 convictions.

A recent case out of El Paso, Texas, demonstrates the significant impact of our proactive efforts at penetrating Mexican weapons trafficking networks. A joint investigation between ICE, ATF and the El Paso Police Department led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States.

The weapons they attempted to purchase included over 300 AR-15 rifles, 300 .223-caliber rifles, 10 Barrett .50-caliber sniper rifles, two 40-millimeter grenade machine guns and 20 handguns with silencers, along with a large amount of ammunition, with a total street value of more than half-a-million dollars.

In addition to addressing weapons smuggling, ICE partners with CBP to combat the illegal movement of cash across the southwest border. ICE's Operation Firewall counters bulk cash smuggling through capacity-building and close operational collaboration with foreign partners, such as Mexico. Since its inception, Firewall has resulted in 475 arrests and the seizure of more than \$210 million, including over \$65 million seized overseas.

The Border Enforcement Security Task Force is a law enforcement model which recognizes that confronting the multifaceted threat of border violence requires sharing resources, information and expertise. The 14 BESTs serve as a platform from which inter-agency and international partners can work together to address cross-border crime.

ICE, with the help of our partners, has cracked down on arms trafficking, human smuggling, bulk cash smuggling and narcotics smuggling organizations. The BESTs, since 2005, have reported more than 4,000 criminal arrests, seized over 200,000 pounds of narcotics, over 2,500 weapons and more than 370,000 rounds of ammunition, along with over \$26 million in U.S. currency and monetary instruments.

ICE complements this effort through our Law Enforcement Information Service by expanding our information sharing to our state and local partners, as well as other initiatives, such as the Border Violence Intelligence Cell and the Weapons Virtual Task Force. The Law Enforcement Information Sharing Service provides approximately 250 federal, state and local agencies with access to more than 2.5 million ICE records related to our investigations. And approximately 65 to 70 of these state and local agencies are located along the southwest border.

Since January of this year, we have had more than 20,000 queries of information through that network.

In conclusion, coordination and information sharing initiatives I discussed today portray the extensive cooperation that we are advancing and already underway with our counterparts.

I would like to thank the subcommittee for its continued support of ICE and our law enforcement mission. And I would be pleased to answer any questions you may have.

[The statement of Mr. Kibble follows.]

PREPARED STATEMENT OF KUMAR C. KIBBLE

INTRODUCTION

Chairwoman Sanchez, Ranking Member Souder, and distinguished Members of the Subcommittee:

On behalf of Secretary Napolitano and Assistant Secretary Morton, thank you for the opportunity to discuss U.S. Immigration and Customs Enforcement's (ICE) role in combating border violence through robust interagency coordination. First and foremost, ICE uses its broad federal authorities to conduct intelligence-driven investigations through collaboration with the intelligence community, and other federal, state, local and foreign partners. These multi-agency investigations are enabled by robust, cross-border coordination and information sharing. ICE has the largest force of investigators in the Department of Homeland Security (DHS), and we protect our borders—north and south—by investigating groups who exploit weaknesses in our legitimate trade, travel, and financial systems. More than 6,500 ICE special agents detect, disrupt, and dismantle cross-border criminal networks engaged in the smuggling of people, narcotics, bulk cash, and weapons across our borders. ICE is focused on countering the illicit activities that occur along our shared border with Mexico.

IMPLEMENTATION OF THE SOUTHWEST BORDER INITIATIVES

The public announcement of the Administration's major Southwest Border (SWB) Initiative on March 24th—and the details outlined by the Secretary on April 15—called for strategic redeployments of DHS personnel totaling more than 360 additional officers and agents. ICE doubled assignments to ICE Border Enforcement Security Task Forces (BESTs); tripled the number of intelligence analysts working at the border; and quadrupled the number of agents designated as Border Liaison Officers to work in close cooperation with Mexican law enforcement. Within Mexico, ICE increased its investigative workforce by 50 percent.

On June 5, Secretary Napolitano, Attorney General Holder, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released the 2009 National Southwest Border Counternarcotics Strategy, which details the Administration's collective approach to stem the flow of illegal drugs and their illicit proceeds across the SWB, and reduce associated crime and violence in the region.

ICE's efforts, along with the broader U.S. Government response to Mexican drug cartel violence, require effective operational collaboration and expanded information sharing with the Government of Mexico (GoM), and domestic and other foreign law enforcement agencies. ICE facilitates these objectives through unique initiatives such as Operations Armas Cruzadas and Firewall, the Border Enforcement Security Task Forces or BESTs, the Law Enforcement Information Sharing Service (LEISS) and the Border Enforcement Coordination Cell (BECC). We also partner with Federal, state and local law enforcement partners, including the Organized Crime Drug Enforcement Task Forces (OCDETF), in national and regional deconfliction and coordination centers. And just last month, we re-negotiated formal interagency agreements with the Drug Enforcement Administration (DEA) and the Bureau of Alcohol,

Tobacco, Firearms and Explosives (ATF) to facilitate even closer coordination and expanded information sharing.

COLLABORATION WITH THE GOVERNMENT OF MEXICO

Cooperation among ICE and its domestic partners is a critical piece to effective law enforcement along the Southwest Border. Of equal import, however, is ICE's coordination with its Mexican counterparts. Indeed, earlier this year, President Calderón of Mexico identified the illegal flow of weapons from the United States as one of the biggest security threats to his country. On April 1, Secretary Napolitano traveled to Cuernavaca, Mexico with Attorney General Holder to attend a joint U.S.-Mexican conference on arms trafficking. At the conference, the Secretary and Attorney General discussed with their counterparts, including the Attorney General of Mexico, future joint efforts to prevent firearms from being smuggled from the United States into Mexico. Interagency collaboration with the Mexican government is a part of a broader theme of co-responsibility that Attorney General Holder and Secretary Napolitano agree is central to our strategic effort to secure the SWB. Stopping the flow of firearms and bulk cash into Mexico is an important component of the larger strategy to secure our borders from the criminal organizations that use those resources to traffic contraband and perpetrate violence.

Operation Armas Cruzadas. ICE and U.S. Customs and Border Protection (CBP) have stepped up their efforts to interdict southbound weapons smuggling, pursuant to DHS authority to enforce export provisions of the Arms Export Control Act (AECA) as specifically designated within 22 C.F.R.—127.4 of the International Traffic in Arms Regulations (ITAR) and to prevent smuggling of weapons in violation of 18 U.S.C. 554. ICE has intensively deployed resources for Operation Armas Cruzadas, which is a comprehensive, collaborative effort with the GoM to identify, disrupt, and dismantle the criminal networks that illicitly transport arms across the border. Under Operation Armas Cruzadas, ICE has implemented numerous activities that promote an intelligence-driven, systematic approach to arms trafficking investigations. Since its inception in June 2008, Operation Armas Cruzadas has resulted in the seizure of 1,600 weapons, more than \$6.4 million, and 182,668 rounds of ammunition, and the arrests of 395 individuals on criminal charges, resulting in 124 criminal indictments and 74 convictions.

A recent case out of El Paso, Texas, demonstrates the significant impact of our proactive efforts at penetrating Mexican weapons trafficking networks. A joint investigation between ICE, ATF, and the El Paso Police Department led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States. The weapons they attempted to purchase and smuggle included 300 AR-15/AR-16 rifles, 300 short-barrel .223 rifles, 10 Barrett .50 caliber rifles, two 40 millimeter grenade machine guns, 20 handguns with silencers and a large amount of ammunition. The firearms would have had a total street value of over \$500,000.

Operation Firewall. In addition to addressing weapons smuggling, ICE partners with CBP to combat the illegal movement of cash across the SWB. One reason drug cartels pose such a dangerous threat is their extensive monetary resources. The United States must interrupt that illegal flow of money. ICE's Operation Firewall counters bulk cash smuggling through capacity building and close operational collaboration with foreign partners such as Mexico. On the first day of operations in 2005, at the Benito Juárez International Airport in Mexico City, Mexican authorities seized \$7.8 million en route to Cali, Colombia concealed inside deep fryers, rotisseries and voltage regulators. Other notable seizures include \$7.3 million seized inside rolls of fabric and plastic and \$4.7 million concealed inside air conditioning equipment and metal piping destined for Colombia. Since its inception, Operation Firewall has resulted in 475 arrests and the seizure of over \$210 million, including over \$65 million seized overseas.

COORDINATION OF FOREIGN AND DOMESTIC INTERAGENCY OPERATIONS

Vetted Investigative Units. ICE Attaché personnel are working closely with their Mexican counterparts to build a specialized, vetted investigative unit (SIU) consisting of Mexican prosecutors and law enforcement personnel. This SIU will focus on bilateral weapons smuggling investigations and provide an immediate investigative response to weapons seizures within Mexico. These SIU investigative responses will address an information requirement gap in tracing weapons and exploiting investigative leads. With the establishment of the SIU, weapon serial numbers will be more consistently obtained and traced within ATF's e-Trace database prior to the weapons being turned over to the Mexican military. More comprehensive weapons trace data will facilitate better identification of U.S. sources of weapons. The SIU will better probe the seizures through interviews, telephone data/

record analysis and other investigative tools, with the goal of identifying cross-border weapons smuggling networks. Overall, such a robust information-sharing platform will facilitate exchange of leads for coordinated investigation of U.S. leads by U.S. agencies, and Mexican leads by GoM agencies.

Border Enforcement Security Task Force. More than a DHS program, the Border Enforcement Security Task Force (BEST) is a law enforcement model which recognizes that confronting the multifaceted threat of border violence requires sharing resources, information, and expertise. BESTs serve as a platform from which interagency—and international—partners can work together to address cross-border crime. The BESTs operating on our land borders and in major maritime port cities incorporate personnel from ICE, CBP, DEA, ATF, the Federal Bureau of Investigation (FBI), U.S. Coast Guard (USCG), and respective U.S. Attorney's Offices, along with other key federal, state, local, tribal, and foreign law enforcement agencies. The Mexican Secretaria de Seguridad Publica (SSP) currently participates in BESTs, and the GoM has agreed to provide representatives to every BEST team on the SWB. Additionally, other GoM agencies and foreign partners are negotiating with ICE to expand their participation in the BESTs, thus enhancing the international scope and participation of the initiative. Since the SWB announcement on March 24, ICE has established two new BESTs in Las Cruces and Deming, New Mexico, resulting in a total of 15 BESTs covering high-threat smuggling corridors. The BEST model has been very successful. ICE, with the help of our partners, has cracked down on arms trafficking, human smuggling, bulk cash smuggling and narcotics smuggling organizations. These efforts have disrupted cartel operations in both the United States and Mexico. Since July 2005, the efforts of BEST teams, working in conjunction with the Department of Justice (DOJ) and other law enforcement agencies, have been responsible for 4,240 criminal arrests, 3,531 administrative arrests, 1,901 indictments and 1,292 convictions. In addition, BESTs have seized approximately 10,348 pounds of cocaine, 187,843 pounds of marijuana, 829 pounds of methamphetamine, 103 pounds of crystal methamphetamine, 1,257 pounds of ecstasy, 255 pounds of heroin, 97 pounds of hashish, 22 pounds of opium, 2,580 weapons, 870 vehicles, seven properties and \$26.3 million in U.S. currency and monetary instruments.

Just a few of our successes include the El Paso BEST's discovery and repatriation of one of Mexico's top ten most wanted fugitives; the Laredo BEST's arrest of a weapons trafficker supplying cartels with assault rifles used to murder Mexican police officer Navarro Rincon and others; the Laredo BEST's arrest of a member of the Mexican Mafia gang in possession of approximately 897 pounds of smuggled marijuana after he attempted to run over a Texas Department of Public Safety officer; and the Los Angeles Seaport BEST's arrest of an arms trafficker and seizure of 38 military style weapons.

Law Enforcement Information Sharing Service. ICE complements the innovative operational coordination facilitated by the BESTs through aggressively sharing information with an even broader array of federal, state and local law enforcement agencies. The Law Enforcement Information Sharing (LEIS) Service is a Web-based data exchange platform designed to aid investigations by allowing DHS and other law enforcement agencies to share pertinent case information, to the extent permitted by law, more rapidly and extensively. Beginning in FY 2008, the LEIS Service was deployed on a regional basis to law enforcement consortiums at SWB locations within California and Arizona. Additionally, the Service was expanded to DOJ's repository for shared law enforcement information, OneDOJ. During the current fiscal year, we are in the process of extending LEIS the Service to Texas, and anticipate connecting to a law enforcement consortium in New Mexico, as well as to national and international consortiums such as Interpol and Europol.

LEIS currently provides approximately 250 federal, state, local, and tribal law enforcement agencies access to more than 2.5 million subject records related to persons of interest, including suspects in child pornography, drug smuggling, immigration fraud, alien smuggling, and other immigration and customs cases. Approximately 65–70 of those agencies are located along the SWB. LEIS offers investigators a more efficient, automated system for obtaining information and helps to more quickly and appropriately identify relationships, patterns and connections between individuals and organizations that may not be immediately obvious. Since January 2009, the program has received nearly 20,000 queries for information. The LEIS Service is compliant with all existing privacy and security requirements as it relates to the safeguarding of personal information and user authentication and access.

Border Violence Intelligence Cell. The Border Violence Intelligence Cell (BVIC) supports the national effort to combat weapons smuggling and stem the surge in violence along the United States-Mexico Border. This unit facilitates timely information sharing with state, tribal, local, foreign, and other federal law enforce-

ment agencies, and serves as the focal point for analyzing all-source intelligence in support of the BESTs and ICE Attaché Mexico offices. Through the BVIC, the BESTs, ICE Attaché offices, and the U.S.-vetted GoM Arms Trafficking Group exchange cross-border weapons-related intelligence through a virtual intelligence network, creating a seamless investigation of the criminal networks that span the SWB. The BVIC, in cooperation with the ATF weapons desk at EPIC, serves as the central point for analyzing all-source intelligence and trends in firearms smuggling. Since March 30, 2009, analysts working with the BESTs, in coordination with the BVIC, have produced 213 intelligence reports, over 60 comprehensive target folders, and 114 investigative leads relating to suspected weapons traffickers operating along the SWB. Weapons Virtual Task Force. The Weapons Virtual Task Force (WVTF) is a community of interest within the Homeland Security Information Network, a secure, unclassified web-based platform. The community was created to assist information exchange between ICE and its Mexican law enforcement counterparts under the Armas Cruzadas initiative. Using the WVTF, law enforcement on both sides of the border can upload and share information pertinent to law enforcement actions along the SWB. While currently in its infancy, it is anticipated that the WVTF system will incorporate any GoM enforcement action results or intelligence developed by Mexican law enforcement related to Armas Cruzadas. The information will then be available for ICE investigators and analysts to view and analyze. Last month, ICE sent a team to Mexico to train Mexican law enforcement on the use of the system. This training is a strong step toward a closer relationship and better information exchange, and will continue as additional users on both sides of the border are added.

FORMAL INTERAGENCY AGREEMENTS

The successes of the BESTs, as well as Operations Armas Cruzadas and Firewall, illustrate how co-located taskforces and multi-agency initiatives can stem the flow of cross-border criminal activity. Interagency roles, responsibilities, and coordination are guided by numerous statutes, presidential directives and formal, interagency agreements. Given the extent of ICE authorities in enforcing the nation's customs and immigration laws, ICE has cooperation agreements with federal, state, local, and foreign law enforcement agencies in order to more effectively leverage our combined resources. I would like to highlight two of the more recent partnerships entered into by ICE. These are the June 18, 2009, Interagency Cooperation Agreement between ICE and DEA and the June 30, 2009, Memorandum of Understanding between ICE and ATF.

Interagency Cooperation Agreement between ICE and DEA. Recognizing the importance of implementing the recommendations made by the Government Accountability Office (GAO) in its March 2009 report, on June 18, 2009, ICE and DEA announced an Interagency Cooperation Agreement Regarding Investigative Functions Related to the Controlled Substances Act. The agreement addressed many of the recommendations outlined in the GAO report. Specifically, the June 18, 2009, agreement provides the following: (1) outlined a commitment by both ICE and DEA to share information through mechanisms including the Special Operations Division, the OCEETF Fusion Center and EPIC; (2) authorized the ICE Assistant Secretary to select an unlimited number of ICE agents for cross-designation by the Administrator of DEA; (3) delineated ICE authority to investigate narcotics smuggling with a clearly articulable nexus to the U.S. border, including related transportation and staging activities within the United States; and (4) procedures for deconfliction and operational coordination in both the domestic and foreign counternarcotics environments. The agreement took immediate effect and will be reviewed one year after its initial effective date. In addition, after the one-year review, the agreement will be reviewed thereafter every two years, or at any time, upon written request by either party.

Memorandum of Understanding between ICE and ATF. ICE and ATF recognize and respect each other's complementary authorities. When ICE and ATF join forces through joint investigations or via the BEST teams, both agencies bring complementary authorities to any investigation. The June 30, 2009, Memorandum of Understanding between ICE and ATF established the clear roles that both agencies have over domestic and international trafficking of firearms, ammunition, explosives, weapons, and munitions. The agreement recognized that both law enforcement agencies are actively engaged in the fight against persons and criminal organizations involved in violent crime and gun trafficking.

The agreement requires that ATF report to ICE any information relating to attempted or planned violations of federal law within the jurisdiction of ICE. The agreement imposes a reciprocal requirement upon ICE to report to ATF any information relating to attempted or planned violations of federal law within the jurisdic-

tion of ATF. The agencies also agree to coordinate information concerning firearms and explosives investigations that involve each other's investigative jurisdiction.

Moreover, ATF and ICE will invite each other's participation in any investigations within the jurisdiction of the other agency. In addition, the agreement sets forth important policies concerning the shared use of human confidential sources of information and the control of intelligence. The agencies agreed to coordinate efforts as they relate to activities at Federal Firearms Licensees, Federal Explosives Licensees, gun shows, international borders and Ports of Entry.

CONCLUSION

The coordination and information sharing initiatives I have discussed today portray the extensive cooperation currently underway between ICE and our counterparts in state and local governments, the Federal Government, and the Government of Mexico. Taken together, all of these initiatives represent a substantial advancement towards operating in a truly complementary fashion, by harnessing each agency's particular authorities and expertise more efficiently.

I would like to thank the Subcommittee for its continued support of ICE and our law enforcement mission. I would be pleased to answer any questions you may have.

Ms. SANCHEZ. Thank you.

And now we will recognize for 5 minutes, Mr. Placido.

STATEMENT OF ANTHONY PLACIDO, ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION, DEPARTMENT OF JUSTICE

Mr. PLACIDO. Thank you.

Chairman Sanchez, Chairman Thompson, distinguished members of the subcommittee, I appreciate the opportunity to share the perspectives of the Drug Enforcement Administration on countering drug violence and the importance of interagency coordination and cooperation.

The drug trade in Mexico has been rife with violence for decades. However, intentionally gruesome drug-related violence, kidnapping, torture and murder have remained at elevated levels since President Calderon initiated his comprehensive program to break the power and impunity of Mexico's drug cartels.

Drug-related killings in Mexico have escalated from approximately 1,200 in 2006, to more than 6,200 in 2008, and are on pace to exceed 7,000 this year.

In the past, the violence was largely confined to persons engaged in the drug trade. But there has been a disturbing new trend where the cartels are intentionally targeting Mexican military and law enforcement officials.

Drug violence is not restricted to areas along our southwest border. That is why the goal of the Merida Initiative is to break the power and impunity of the cartels, rather than to secure our nation's borders.

The problem we are facing includes the border, to be sure. But it actually is much bigger than the border itself.

Just a few days ago, as was referenced previously, 15 Mexican federal police officers were abducted, tortured and executed by enforcers associated with La Familia Michoacana Cartel in what appears to be retaliation for performing their official duties enforcing Mexican law. The attacks were not conducted in geographic proximity to our border, but, nonetheless, represent a potential threat to our national security.

Systematic attacks against Mexican police and military officials undermine respect for the rule of law and degrade confidence in

Mexican institutions by extension, causing instability in Mexico and throughout the region.

Through the Merida Initiative and the generous support of Congress, we are supporting President Calderon's valiant efforts to break the power and impunity of these cartels and to reduce the extent to which these transnational crime syndicates engage in all types of lawlessness affecting the United States.

There is justifiable concern that the violence Mexico will spill across our border and have an even more pronounced impact on Americans. Mexican cities along our southwest border, such as Juarez and Tijuana, have witnessed spectacular violence, despite the fact that El Paso and San Diego are among the safest cities in America.

The U.S. interagency has attempted to distinguish between the criminal-on-criminal violence that has always been associated with the Mexican drug trade, and the new phenomenon of retaliatory violence against Mexican officials and institutions.

Accordingly, as an interagency group, we have defined spillover violence to entail deliberate attacks by the cartels on U.S. government personnel, whether in the U.S. or Mexico, innocent civilians in the United States, or U.S. government facilities, including our embassies and consulates.

Based on this definition, we have not yet seen a significant level of spillover violence. However, as a government we must, and are, building contingency plans for the worst-case scenario.

DEA enjoys a decades-long history of working in cooperation with the Mexican government. DEA works closely with a number of trusted Mexican counterparts, who have undergone a rigorous vetting process to include robust background investigations and polygraph examinations.

Working with our Mexican counterparts, DEA and the U.S. interagency have taken the offensive against Mexico-based cartels on their own turf and systematically sought to identify, disrupt and dismantle these cartels, including their U.S.-based cells. Project Reckoning and Operation Xcellerator are recent examples of this U.S.-Mexico collaboration.

In addition to our ongoing investigations, interagency coordination and cooperation are critical. DEA continues to work in cooperation with our federal, state, local and foreign counterparts to address the threats emanating from Mexico.

DEA's organizational attack strategy is an effort to systematically dismantle the command and control of these criminal syndicates. Key to this strategy is sharing of information and coordinating with our counterparts through the Special Operations Division, the OCDETF Fusion Center and the El Paso Intelligence Center.

The recently signed interagency cooperation agreement between DEA and ICE underscores the mutual understanding between both agencies concerning the tremendous importance of information sharing and investigative coordination. Both Secretary Napolitano and Attorney General Holder have made clear that this agreement is the most efficient and effective way to promote interagency coordination and cooperation.

The agreement addresses the concerns of both agencies without requiring legislative action, and allows for the cross-designation of an unlimited number of ICE agents to exercise Title 21 investigative authority, and also strengthens information sharing and coordination protocols. It also requires ICE's full participation at EPIC, SOD and the OCDETF Fusion Center.

We recognize that interagency and international collaboration are fundamental. It is imperative that we sustain the progress and that we support the actions by President Calderon.

We must recognize that the violence we are witnessing represents the acts of truly desperate, wounded, criminal organizations. We remain committed to working with Mexico and our U.S. counterparts to stem the flow of bulk cash and weapons, while also working to sustain the disruption of drug transportation routes north.

Chairman Sanchez, members of the committee, we appreciate this opportunity, and I stand prepared to answer questions. Thank you.

[The joint statement of Mr. Placido and Mr. McMahon follows:]

JOINT PREPARED STATEMENT OF WILLIAM MCMAHON

AND

ANTHONY P. PLACIDO

Chairwoman Sanchez, Ranking Member Souder, and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the Department of Justice's (the Department) ongoing initiatives and programs to promote coordination and collaboration between investigative agencies regarding investigations of narcotics and weapons along our borders.

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly near the border with the United States. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies—primarily in Mexico but also in U.S. communities. Although violence has existed in Mexico over the years, the bloodshed escalated to unprecedented levels as the cartels use violence as a tool to undermine public support for the Mexican Government's vigorous counter-drug efforts. Traffickers display the bodies of their tortured victims to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Felipe Calderon took office in 2006, the Government of Mexico, with support from the United States, undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and currency. Mexican law enforcement agencies have arrested many high-level drug cartel members and the Mexican authorities are extraditing them in record numbers to face prosecution in the United States. This unprecedented pressure from the Government of Mexico has led to the retaliatory violence directed at Mexican law enforcement and the Mexican government as a whole. Also, as the Department and our federal agency partners work with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest Border.

The violence in Mexico has direct and serious effects in the United States. According to the National Drug Intelligence Center's (NDIC) *2009 National Drug Threat Assessment* (NDTA), within the realm of drug trafficking organizations (DTOs), Mexican organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian DTOs generate, remove, and launder between \$18 billion and \$39 billion in wholesale drug proceeds annually, a large portion of which is believed to be transported via the

SWB. These proceeds, in turn further fuel the drug trade and its attendant violence. Additionally, Mexican DTOs obtain firearms, including handguns and rifles, from sources in the United States for use in DTO operations on both sides of the U.S.-Mexico border. These organizations and their violent paramilitary enforcement groups rely on such firearms and ammunition to control lucrative drug smuggling corridors along the border. We look forward to working in collaboration with Mexican authorities to build their capacity to assess all the weapons seized and provide better definition of arms trafficking across our shared border.

I want to share with you the Department's strategy to work, in cooperation with the Government of Mexico, to dismantle the Mexican drug cartels systematically, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries. Let me begin by emphasizing the priority that this issue commands at the highest level of the Department's leadership, including the Attorney General himself. Most recently, on June 5th, in Albuquerque, New Mexico, Attorney General Holder, Department of Homeland Security (DHS) Secretary Napolitano, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released President Obama's *National Southwest Border Counternarcotics Strategy* (Strategy), designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce associated crime and violence in the region.

This Strategy directs Federal agencies to increase coordination and information sharing with State and local law enforcement agencies, intensifies national efforts to interdict the southbound flow of weapons and bulk currency, and calls for continued close collaboration with the Government of Mexico in efforts against the drug cartels. The Strategy is an important component of the Administration's national drug control policy and complements the Administration's comprehensive efforts to respond to threats along the border.

In his remarks on the Strategy, Attorney General Holder stated, "Drug trafficking cartels spread violence and lawlessness throughout our border region and reach into all of our communities, large and small." He further noted, "By focusing on increased cooperation between the U.S. and Mexican governments as well as enhanced communication within U.S. law enforcement agencies, the *National Southwest Border Counternarcotics Strategy* we introduce today provides an effective way forward that will crack down on cartels and make our country safer."

Another important component of the United States Government's efforts to neutralize the powerful Mexican drug cartels is the Mérida Initiative, a partnership between the Government of Mexico and its counterparts in the United States. The Administration's Mérida Initiative presents new opportunities for expert collaboration on many fronts. With Mérida funding provided by the Department of State and the United States Agency for International Development, the Department efforts to support the Administration's initiative include, but are not limited to : (1) placing two experienced federal prosecutors in Mexico to work with their counterparts in prosecutorial capacity-building; (2) assigning a forensics expert in Mexico; (3) assisting Mexican law enforcement and our interagency partners in strengthening and developing vetted teams and task forces that can work with U.S. federal law enforcement agencies to attack the cartels across the range of their criminal conduct; (4) advancing fugitive apprehension with U.S. law enforcement agencies and extradition with our Criminal Division experts; (5) assisting Mexico in developing an assets management system to deal with the assets seized and forfeited in criminal cases; (6) assisting Mexican law enforcement and prosecutorial offices in strengthening their internal integrity; (7) assisting Mexican law enforcement officials and prosecutors in enhancing evidence collection, preservation and admissibility; (8) supporting the Mexican National Migration Institute efforts to develop biometric capabilities; and (9) providing expert consultations on victim assistance and witness protection issues. At the same time, as an operational matter, the Department continues to work closely with Mexico as it addresses the issue of cartel-related public corruption, including through investigative assistance.

Overview of the Department of Justice's Mexico and Border Strategy

The Department's strategic approach—built on its proven track record of dismantling transnational organized criminal groups, such as the Mafia in the 1980s and 1990s—confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. government agencies and with the full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

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The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements and supports the *National Southwest Border Counter-narcotics Strategy*. First, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state, tribal, and local government partners, and then uses the product to promote operations in the United States and to assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. Second, through intelligence-based, prosecutor-led, multi-agency task forces that leverage the strengths, resources, and expertise of the complete spectrum of federal, state, tribal, local, and international investigative and prosecutorial agencies, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermine their very existence. Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and the smuggling of cash and contraband for drug-making facilities from the United States into Mexico. Much of the violence and corruption in Mexico is fueled by these resources that come from our side of the border. Fourth, the Department uses traditional law enforcement approaches to address the threats in the United States of cartel activity. These threats include the widespread distribution of drugs on our streets and in our neighborhoods and battles between members of rival cartels on American soil. This type of activity was exemplified in Laredo, Texas from 2003 through most of 2006 when a rash of drug related assassinations occurred between members of the Gulf and Sinaloa Cartels and culminated with the arrest of a Gulf Cartel assassin squad in April of 2006 by DEA-led operation assisted by state and local law enforcement, and other federal agencies, to include the FBI, USMS, ATF, IRS and ICE. These assassinations also resulted in injuries to innocent civilians and the death of a 15 year old juvenile who was killed because he was in the vehicle with his uncle, the assassins' intended target. This component of the Department's strategy will inevitably include investigations and prosecutions of U.S.-based gangs that forge working relationships with the Mexican DTOs. Fifth, the Department prosecutes criminals responsible for federal crimes involving trafficking, smuggling, money laundering, kidnapping and violence. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

The strengths of the Department's strategy are illustrated by the tremendous successes of Operation Xcellerator and Project Reckoning in the U.S. government's battle against the Mexican cartels. On February 25, 2009, Attorney General Holder announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort coordinated by the DEA-led Special Operations Division (SOD) that began in May 2007 and targeted the Sinaloa Cartel. This cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies—along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States—delivered a significant blow to the Sinaloa Cartel's operations in the United States. For example, authorities seized over \$61 million in U.S. currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 191 firearms, 4 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation, also coordinated by SOD, which severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of firearms and \$76 million in currency. Perhaps most importantly, Project Reckoning led to the indictment of a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning applied the classic law enforcement tools that the Department has successfully wielded against other large and sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, bi-national efforts, coordinated by SOD and led by prosecutors and investigators from the Organized Crime Drug Enforcement Task Forces (OCDETF), a program that coordinates and channels elements of the federal govern-

ment—including the Drug Enforcement Administration (DEA), FBI, Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), the U.S. Marshals Service (USMS), U.S. Attorney's Offices, and the Department's Criminal Division, as well as Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the Internal Revenue Service (IRS). In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. These multi-year investigations will result in extraditions and federal prosecutions in numerous states by various U.S. Attorney's Offices and the Criminal Division's Narcotic and Dangerous Drug Section.

We believe the Administration has the right strategy for stopping the violence spawned by the cartels. But despite recent successes by the Administration, we also recognize that there is much more work to do. Drug trafficking organizations remain powerful and continue to evolve and are determined to find new methods to bring illegal drugs into the United States, while also sending cash and guns back to Mexico. This smuggling pattern fuels the cycle of violence in Mexico and is a threat to the United States. As a result, the Department is working closely with our other federal partners, State, local, and tribal officials, and the Government of Mexico to address these issues and root out these criminal enterprises.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General's Consolidated Priority Organization Target (CPOT) list of international "Most Wanted" drug kingpins. Of the approximately 55 worldwide cartels currently on the list, 20 of them are Mexican enterprises. The CPOT list is produced through the cooperative effort of the member agencies of the Organized Crime and Drug Enforcement Task Force (OCDETF) Program, and is the product of their shared information. Indeed, over the last several years lawyers and agents assigned to SOD have been coordinating on a number of cases concerning Mexican CPOT targets. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads three multi-agency intelligence centers and an operational center that provide tactical, operational, and strategic support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) currently involves the participation of more than 20 agencies. EPIC provides critical, case-specific tactical intelligence to law enforcement consumers. For example, if a highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver or passengers that can be provided in real time. EPIC focuses specifically on the Southwest Border but also tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all Department intelligence related to firearms along the Southwest Border. EPIC also serves as the primary repository for Department of Homeland Security intelligence on firearms smuggling. In addition, the FBI, already a contributing member at EPIC, is in the process of increasing its participation there by creating its Southwest Intelligence Group (SWIG). The SWIG will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity. The SWIG head will also serve as an Assistant Deputy Director of EPIC.

SOD, also led by DEA, is best described as an operations center, rather than an intelligence center, because its functions go beyond the gathering and processing of intelligence. It provides operational targeting, support, and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. SOD targets the command and control communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level, and the operations coordinated by SOD include OCDETF investigations. Operation Xcellerator and

Project Reckoning were OCDETF investigations that were both initiated and coordinated through SOD. The transnational nature of narcotics trafficking requires a combined Federal, state, tribal, and local agency response directed at stopping the flow of narcotics into our communities, often brought together through the OCDETF Program and coordinated through SOD. SOD also plays a critical role in deconflicting these operations.

The OCDETF Fusion Center (OFC) is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, CBP, NDIC, EPIC, the Treasury Department's Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. The OFC provides critical law enforcement intelligence support for long-term and large-scale investigations, complementing the mission of SOD by providing non-communications intelligence at an operations level. The OFC conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations through its fused database, Compass. Using the protocols established by SOD, the OFC passes actionable leads to field investigative units. In addition, pursuant to recent agreements finalized by leaders within the Department and DHS, by the end of this fiscal year ICE is expected to be a full participant in the OFC.¹²¹The third Department-led intelligence center is NDIC, which provides policy makers and resource providers with strategic drug intelligence. In addition to producing the *NDTA*, NDIC produces regional and subject-specific threat assessments. These include OCDETF Regional Assessments, including the Southwest Region. NDIC provides Document and Media Exploitation (DOMEX) support to field agents and prosecutors to facilitate the analysis of seized evidence. NDIC also provides DOMEX training and software to foreign law enforcement partners, including Mexico.

The work being done at these intelligence and operations centers is remarkable, and their activities form a key component of our multi-layered approach to dismantling this criminal threat.

Focused Law Enforcement Initiatives

The Department's efforts are focused on three underlying aspects of the Southwest Border threat: drugs, guns, and illegal drug proceeds. These efforts include an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

1. Movement of Drugs

DEA has the largest U.S. law enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources on the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico works closely with Mexican law enforcement to help fight this criminal threat. Project Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units, elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations.

DEA also targets the cartels through its "Drug Flow Attack Strategy" (DFAS), an innovative, multi-agency strategy, designed to disrupt significantly the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major DTOs. DFAS calls for aggressive, well-planned, and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with other federal agencies on EPIC's "Gatekeeper Initiative." A "Gatekeeper" is a person or group whose role is "to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder." These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative combines the statutory expertise and authorities of its multi-agency members—DEA, FBI, the USMS, IRS, ICE, ATF, and CBP—to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA is working with DHS to implement its "License Plate Reader Initiative" in the Southwest Border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. This information can be compared with DEA and CBP databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico. DEA and other law enforcement agencies will be able to submit queries to the database, obtain near real-time responses, and place alerts on suspect license plates.

2. Trafficking of Guns

ATF, in collaboration with other law enforcement entities, such as ICE and CBP, seeks to identify, investigate, interdict, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF's comprehensive strategy to combat firearms-related violence by the cartels along the Southwest Border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. For instance, from Fiscal Year 2004 through June 1st of this year, Project Gunrunner referred for prosecution 882 cases involving 1,838 defendants; those cases include 415 firearms trafficking cases involving 1,135 defendants and an estimated 13,382 guns.

To date, Congress has allocated \$25 million in support of Project Gunrunner, and has shown support for the President's request of \$18 million in additional funds for Project Gunrunner. These funds will allow ATF to open new field offices staffed with special agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance who represent a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the firearms of choice used by drug cartels. In addition, the funds will be used to send additional special agents to consulates in Mexico, and upgrade Mexico's ballistic imaging technology, a key tool in assisting Mexican authorities in solving crimes involving firearms.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest Border. When a firearm is traced, specific identifying information—including the make, model, and serial number—is entered into the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. As a complement to the M&A Initiative efforts, ATF received \$4.5 million in asset forfeiture funds from the Treasury Department's Asset Forfeiture fund to initiate a Spanish version of ATF's e-Trace to Mexico. ATF is working with Mexican officials to increase their current usage of the e-Trace system, which will further improve, with deployment of Spanish e-Trace in December of this year.

As part of President Obama's commitment to President Calder on his recent trip to Mexico, ATF will also work to enhance the Integrated Ballistic Identification Systems that stores digital photos and arms-related information related to criminal investigations. This will allow the sharing of digital images, ballistic markings, and other arms-related information to help identify leads in violent crimes both in Mexico and in the United States. Our efforts will be further enhanced by the President's commitment to urge the Senate to provide its advice and consent in order to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to seize and forfeit their assets as well. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican DTOs. Every OCDETF-approved investigation must include a financial component designed to identify and ultimately forfeit the illegal assets of the targeted organization.

Additionally, the Department has established a "Bulk Currency Money Laundering Initiative," an OCDETF Southwest Region Strategic Initiative that investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, NDIC estimates that Mexican and Colombian DTOs generate, remove, and launder approximately \$18-\$39 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States, a large portion of which is believed to be smuggled in bulk across the border back into Mexico. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled currency. Again, we have worked in partnership with other federal agencies with primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, tribal, and local agencies' efforts through coordination and cooperative investigation. Federal agencies currently participating in this initiative include ATF, DEA, FBI, CBP, ICE, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion was forfeited under the Department's Asset Forfeiture Program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed above, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts handling national and district-level priorities including narcotics trafficking, firearms trafficking, violent crimes, and immigration offenses. Although the Assistant U.S. Attorneys (AUSAs) in these 5 border district offices comprise only 11 percent of the nation's AUSAs, in FY 2008, they were responsible for 35 percent of all felony cases, 68 percent of all felony immigration cases, and 35 percent of all non-OCDETF narcotics cases filed in U.S. District Courts nationwide. Each of the Southwest Border United States Attorney's Offices works closely with federal, state, tribal, and local investigative agencies on the initiatives described above. The United States Attorney's Offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited from Mexico in January 2007. In December 2008, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel. In February of 2009, Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. In March of this year, the Mexican government announced the arrest of Vicente Zambada-Niebla, a top Sinaloa cartel figure, who has been indicted on federal narcotics charges in the U.S. In April, the Mexican army arrested Vicente Carrillo-Leyva, second in command of the Juarez Cartel and the son of the late Amado Carrillo-Fuentes, the original Juarez Cartel head.

To build upon these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Division's Office of International Affairs, which will focus on OCDETF cases involving the highest-level Mexico-based targets. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

In addition, through its regional fugitive task forces and district-based violent offender task forces, the USMS works with state and local police agencies on both sides of the border to locate and arrest offenders who have committed drug crimes or drug-related crimes of violence in the United States and subsequently fled abroad, as well as those who have been charged in the United States but remain resident in other countries. These USMS-led task forces place a high priority on apprehending cartel-related fugitives both domestically and internationally. In FY 2008, USMS arrested 269 violent cross-border felony fugitives, and it currently has 200 cross-border violent felony fugitive arrests for FY 2009.

The USMS also leads the Mexico Investigative Liaison (MIL) Program, which focuses a coordinated effort on international fugitive matters along the Southwest Border. The purpose of this district-based violent crime initiative is to enhance the effectiveness of the USMS's apprehension of violent cross-border fugitives wanted in Mexico or the United States. The 42 Deputy U.S. Marshals currently assigned to the MIL program work under the auspices of the USMS Foreign Field Office in Mexico City. This program enhances international fugitive efforts by establishing and maintaining contact with USMS Mexican counterparts and sharing real-time law enforcement intelligence information.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, in order to be more effective in combating the Mexican cartels, the Department has taken the following steps to buttress our law enforcement resources along the Southwest Border and in Mexico.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest Border field divisions. Twenty-nine percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest Border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest Border.** Based on ATF intelligence, analysis of firearms trace data, and firearms trafficking patterns, ATF has deployed 105 employees, including 68 agents, to work on a temporary detail called Gunrunner Impact Teams. The personnel are located primarily in Houston and other areas of South Texas. The FY 2009 Budget, the Recovery Act, and the FY 2009 Wartime Supplemental include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, Texas; El Centro, California; and Las Cruces, New Mexico), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-trafficking-related issues. The FY 2009 Wartime Supplemental provides \$10 million to support ATF's firearms trafficking efforts, with \$4 million to upgrade Mexico's ballistic imaging technology and \$6 million in support of Project Gunrunner. ATF will also open new Gunrunner field offices in Phoenix, Arizona, and Houston under the FY 2009 Budget and will add 30 additional ATF personnel in those areas.
- **USMS Fugitive Apprehension and Violent Crime Response.** Over the last nine months, the USMS has deployed an additional 94 Deputy U.S. Marshals to district offices and sent two additional deputies, with another two to arrive by the end of the year, to assist the Mexico City Foreign Field Office in order to step-up efforts along the Southwest Border. In addition, new Criminal Investigators have been placed in the asset forfeiture field units along the Southwest Border. These new positions will support U.S. Attorneys' Offices and investigative agencies in the investigation of cartels and other large-scale investigations. To assist in securing the Mexican side of the border, USMS is providing training courses to our Mexican law enforcement counterparts, resulting in increased intelligence and operational reciprocity as it relates to fugitive investigations and violent crime initiatives. USMS has trained and equipped approximately 250 Mexican law enforcement officers since 2001, resulting in a 240 percent increase in the number of violent felony fugitives arrested.
- **OCDETF augmentation of its Strike Force capacity along the Southwest Border.** In order to foster the enhanced intelligence sharing and coordination necessary to achieve the optimum intelligence-driven, strategic enforcement approach against the most enduring and elusive targets, OCDETF has established Co-Located Strike Forces in key cities across the country, including San Diego and Houston. These Strike Forces operate as true task forces, whose multi-agency members are housed in a common office separate and distinct

from any of their parent agencies. Through constant, daily interaction with each other, while still enjoying the resources and support of their parent agencies, the members of the OCDETF Co-Located Strike Forces have achieved great success against the major Colombian and Mexican cartels. OCDETF is expanding the staffing of its San Diego and Houston Strike Forces. Within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and has plans to place an NDIC DOMEX team with each Strike Force.

Increased FBI focus. The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on OCDETF task forces. Aside from operational task forces, each of the FBI's border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.

- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$40 million, to the Department's Office of Justice Programs, to provide assistance and equipment to state, tribal, and local law enforcement to combat criminal narcotics activity along the Southern Areas and in High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be transferred to ATF's Project Gunrunner.

- **Public relations campaign.** ATF, in partnership with the National Shooting Sports Foundation (NSSF), is doing a public education campaign, "Don't Lie for the Other Guy," in Houston and San Antonio, Texas, and other locations on the Southwest Border this summer on illegal straw purchasing of firearms. Efforts under this campaign will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

Updated Interagency Agreements

In recent weeks, leaders within DEA, ATF, and ICE successfully finalized updated agreements to increase information sharing and case coordination mechanisms between DEA and ICE, and ATF and ICE, respectively. These negotiations were guided by the commitment of Attorney General Holder and Secretary Napolitano to alleviate existing concerns that resources could be more effectively focused to combat those responsible for the flow of drugs, weapons, and related proceeds across our borders.

On June 18, DEA and ICE entered into a new interagency agreement to increase the number of agents targeting international drug traffickers, improve and enhance information and intelligence sharing, and promote effective coordination between the agencies. Pursuant to the Agreement, the Assistant Secretary of ICE will select an unlimited number of ICE agents for cross-designation to investigate violations of the Controlled Substances Act, 21 U.S.C. §§ 801, et seq., ("Title 21") with a clearly articulable nexus to the United States border in coordination with DEA. These ICE agents will target smugglers who bring drugs into the country and transport them into our communities. In addition, ICE now will be able to investigate these violations overseas while coordinating with DEA. The agreement makes clear, however, that overseas DEA remains the focal point with foreign law enforcement officials on drug law enforcement operational and intelligence matters. ICE and DEA will fully share information electronically through the OCDETF Fusion Center. This will allow DEA, FBI, ATF, ICE, and other participating agencies to access each other's case information and more effectively target criminals. This sharing also promotes officer safety and avoids duplication of efforts.

On June 30, ATF and ICE updated a memorandum of understanding (MOU) that clearly establishes how the two agencies will work together on investigations of international firearms trafficking and possession of firearms by illegal aliens. This agreement clarifies the notification process each agency is expected to follow while investigating the international trafficking of firearms, ammunition, explosives, weapons, and munitions. The MOU will optimize the resources and minimize the duplication of efforts by each agency. This agreement establishes a framework for both agencies to conduct investigations and share intelligence. Both agencies are committed to working together to reduce firearms-related violence along the U.S. border.

Conclusion

Thank you for your interest in the Department's ongoing initiatives and programs to promote coordination and collaboration between investigative agencies regarding

investigations of narcotics and weapons along our borders. In order to attack the full spectrum of the drug cartels' operations—drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of firearms—we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far, and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.

Ms. SANCHEZ. Thank you.

And now for 5 minutes, Mr. McMahan?

**STATEMENT OF BILL MCMAHON, DEPUTY ASSISTANT
DIRECTOR, BUREAU OF ALCOHOL, TOBACCO, FIREARMS
AND EXPLOSIVES, DEPARTMENT OF JUSTICE**

Mr. MCMAHON. Thank you, Chairwoman Sanchez, Chairman Thompson, Congressman McCaul and other distinguished members of the committee.

On behalf of Acting Director Ken Melson, I am honored to appear before you today to discuss ATF's ongoing role in preventing firearms from being illegally trafficked from the U.S. into Mexico, and working to end the associated violence along the border.

For over 30 years, ATF has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of firearms and explosives. We are responsible for both regulating the firearms and explosives industry and enforcing the criminal laws related to those commodities.

The combination of ATF's crime-fighting expertise, specific statutory and regulatory authority, analytical capability and strategic partnerships is used to combat firearms traffic both along the U.S. border and throughout the nation.

We know we cannot fight this battle alone. We work together with our state and federal partners.

Just over 2 weeks ago, ATF hosted a Violent Crime and Arms Trafficking Summit in Albuquerque, New Mexico. This conference was monumental in formalizing a longstanding partnership between ATF and ICE. At this conference, a memorandum of understanding was signed by the leaders of both ATF and ICE.

The MOU establishes how ATF and ICE will work together on investigations of international firearms trafficking and possession of firearms by illegal aliens. This agreement also clarifies the notification process each agency is expected to follow while investigating the international trafficking of firearms, ammunition, explosives, weapons and munitions. A framework for conducting investigations and sharing intelligence is also formalized in the MOU.

ATF and ICE routinely conduct joint investigations. Both agencies are committed to working together to reduce firearms-related violence along the U.S. border. This agreement establishes a framework for both agencies to conduct investigations and share intelligence. With the signing of the MOU, we hope to better optimize the resources of each of our agencies and minimize any duplication of efforts.

ATF's strategy for disrupting the flow of firearms to Mexico, Project Gunrunner, has referred over 882 cases for prosecution involving 1,838 defendants. Those cases include 415 firearms trafficking investigations, which involve 1,135 defendants and an estimated 13,382 firearms either trafficked, or attempted to be trafficked, to Mexico.

The GAO report that was published in June of 2009, stated that over 90 percent of the firearms seized in Mexico and traced over the last 3 years had come from the United States.

We have established that the greatest proportions of firearms trafficked to Mexico originated out of states along the southwest border. ATF trace data additionally shows that traffickers are also acquiring firearms from states as far east as Florida, and as far north and west as Washington state.

Additionally, drug traffickers are known to supplement their firearms caches with explosives. Our expertise with explosives has proven to be another valuable tool to use in the fight against drug cartels.

In fact, in the past 6 months, we have noted a troubling increase in the number of grenades seized or used by drug traffickers, and we are concerned about the possibility of explosives-related violence materializing in U.S. border towns. We have had at least one such instance in San Juan, Texas, when a hand grenade was thrown into a crowd of 20 people.

ATF was able to identify the grenade and believes it is linked to a Mexican drug cartel. We believe this device was from the same source as those used during the attack on the U.S. Consulate in Monterrey, Mexico.

Along the southwest border, ATF's Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis, and 59 industry operations investigators responsible for conducting regulatory inspections of federally licensed gun dealers, known as federal firearms licensees, or FFLs.

We recently sent over 100 additional personnel to South Texas to support our push against the trafficking of firearms to Mexico. In addition, ATF received a total of \$25 million in new funding in fiscal year 2009 for Project Gunrunner.

As the sole agency that regulates FFLs—roughly 7,000, which are along the southwest border—ATF has the statutory authority to inspect and examine the records and inventories of its licensees, firearms trafficking trends and patterns, and revoke the license of those who are complicit in firearms trafficking.

For instance, ATF uses regulatory authority to review the records of an FFL that received thousands of firearms, removed their serial numbers and trafficked them to Mexico with the aid of a co-conspirator.

An essential component of ATF's strategy to curtail firearms trafficking to Mexico is the tracing of firearms seized in both countries. Using this information, ATF can establish the identity of the first retail purchaser of the firearm, and possibly learn pertinent information, such as how the gun came to be used in the furtherance of crime and how it came to be located in Mexico.

Furthermore, analysis of aggregated trace data has revealed trafficking trends and networks showing where the guns are being purchased, who is purchasing them and how they flow across the border. Let me share an example of how this trace data can be used to identify a firearms trafficker.

ATF analysis of trace data linked a man living in a U.S. city along the border to three gun crimes in Mexico. Further investigation revealed that he had a fourth firearm that was recovered in another crime in Mexico, and that he had purchased over 100 AR-15 type receivers and seven additional firearms within a short time span using nine different FFL wholesale distributors as a source of his guns.

In April of 2008, ATF seized 80 firearms from the subject and learned that he was manufacturing guns in his home. He sold over 100 firearms to an individual who is suspected of being linked to the cartels.

Lastly, I would like to briefly mention ATF's operational presence at the El Paso Intelligence Center, EPIC, located in El Paso, Texas.

EPIC is currently one of the most valuable tools for intelligence sharing, coordination and multiagency efforts to curb violence and firearms trafficking activities along the southwest border.

At EPIC, we operate what is known as the ATF Gun Desk. The mission of the Gun Desk is to identify and analyze all firearms and explosives related data acquired and collected from law enforcement and open sources. This would include Mexican military and law enforcement, and also U.S. law enforcement assets operating on both sides of the border.

The information gathered by the ATF Gun Desk is continually evaluated and vetted to determine if violations of federal firearms and explosives laws have occurred. The Gun Desk also generates investigative referrals for field agents.

We at ATF will continue with our efforts along the southwest border, and we will harvest our partnerships with not only our law enforcement partners within the U.S., but we will continue to work with the Mexican officials to obtain more information and better understand the flow of firearms from the U.S. to their country.

I thank you for having us here, and I look forward to answering your questions.

Ms. SANCHEZ. Thank you, gentlemen. I appreciate your testimony.

The chair will now recognize other members for questions. I remind each member that he or she will have 5 minutes to question the witnesses, and I will recognize myself to ask some questions.

I have one question first, and it is to Mr. McMahon. Because there are some—we have a wide range, even on this committee, of how people feel about guns. I happen to be, I think, one of those in-the-middle kind of people. But we have some who would not like your agency very much, because they would like no restrictions, and some that probably would like to melt down every gun in the world.

So, my question for you—because this has come up over and over—we keep hearing this number of 90 percent of the guns that are used in Mexico, or turned over from Mexico, are coming from

the United States, most of them from the southwest portion of the United States.

So, I guess my question is, can you just talk a little to what does that 90 percent mean? Does that mean of traceable guns? Does that mean—because maybe there are some guns that we do not have ballistics and, you know, chamber round information on, et cetera.

Can you speak to that a little, so we can have a better understanding when we are using these numbers out there?

Mr. MCMAHON. Sure. The 90 percent figure comes from what we receive from traces from Mexico. Over the past 3.5 years, Mexico has submitted a little over 20,000 firearms for tracing. Of those 20,000 firearms that we have traced, 90 percent are sourced from the U.S.—either manufactured or imported into the U.S.—before they were recovered in Mexico.

I have heard reports that there are over 100,000 firearms recovered in Mexico. I do not know. Just like in the United States, I do not know how many firearms are recovered in crimes here. I can only tell you about—I can only give you the information about the guns that we receive information on.

Ms. SANCHEZ. So, you have received about 20,000.

Mr. MCMAHON. About 20,000 over the past three—

Ms. SANCHEZ. And of those you have looked at, 90 percent which you could trace? Or 90 percent of those 20,000 had the traces on them that indicated they were from the U.S.?

Mr. MCMAHON. Ninety percent of those 20,000 were sourced from the United States. We talk about another percentage.

We rely mostly on successful traces, as well, because a successful trace is really the only investigative lead that we are ever going to have. And that is what we focus a lot of our resources on, because those successful traces are going to get us to a first, over-the-counter, retail purchaser. And that will give us a lead to follow up on.

Some firearms are not successfully traced. But we know that, if it is a Smith and Wesson revolver recovered in Mexico, we know that that was manufactured in the United States. We might not know who the first over-the-counter purchaser was, but we know it is a U.S.-source firearm.

Ms. SANCHEZ. Okay. Thank you for clearing that up.

I would like to yield the rest of my time to Ms. Kirkpatrick. She has several questions that she wants to ask, and this is a very important issue on her border in Arizona.

Mrs. KIRKPATRICK. It is. Thank you, Madam Chairman.

You know I have been paying a lot of attention to this issue since we have been here. And I appreciate the cooperation.

I do have some concerns, though. The new MOU still does not give ICE drug enforcement powers, but allows for an unlimited number of agents to receive certification, and levels the playing field for how the agencies cooperate.

But I am skeptical about whether the new MOU goes far enough, as I believe the only agency with investigative power of over border related crime should have legal authority to look into drug-related crime. This MOU, though, is clearly a major step. It will be important to observe how this agreement works in practice.

And my first question is for you, Mr. Kibble. The ICE-DEA MOU states that ICE agents "will investigate only illegal drug importation-exportation schemes, including the transportation on staging activities, within the United States or between the source or destination country and the United States."

So, my question is, would this prevent ICE from pursuing a drug investigation in a situation where they have arrested an individual for a separate crime such as human trafficking, and then happen to find narcotics in the person's possession, but it is not clear that the location is a staging area?

Mr. KIBBLE. Congresswoman, for that particular scenario, we would be able to leverage our arrest authorities to take the person into custody. But if it was purely a domestic narcotics issue, we would certainly get DEA involved or state and local agencies.

But our focus, with respect to the exercise of our Title 21 authority, is directly focused on the smuggling conspiracies. So, unless there were some other factors that indicated that that same human trafficking network was involved in a conspiracy to smuggle narcotics across our border, we would not be relying on our Title 21 authority in that context.

Mrs. KIRKPATRICK. I have been talking with some of the law enforcement officers in my district. And some of them are certified through ICE to provide some investigative help, and that has made a big difference.

Does this MOU expand that authority in rural Arizona?

Mr. KIBBLE. Ma'am, I believe you might be referring to our Title 29 cross-designation authority, which allows state and local officers to assist us with customs matters. But the interagency agreement we reached with the DEA specifically refers to ICE agents, cross-designation of ICE agents. So, that is the limit of that.

Now, we have, particularly on our Border Enforcement Security Task Forces, where we have multiple agencies that support our investigations, and they are vested—some of them are vested—with Title 19 authority, it may be that they are supporting some of these investigations.

But with respect to the principal investigation of a Title 21 importation or exportation matter, it would need to be a cross-designated ICE agent.

Mrs. KIRKPATRICK. Okay. I might be wrong about that, but I thought the law enforcement officer I was talking to had the cross-certification. But I will look into that as well on my end, and we will continue the conversation.

Thank you, Madam Chairman. I yield back.

Ms. SANCHEZ. Thank you to the gentlewoman from Arizona.

I will now recognize Mr. McCaul, of Texas, for his 5 minutes of questioning.

Mr. McCAUL. I thank the Madam Chair.

And I would like to follow up on my good friend from California's line of questioning about the weapons being smuggled into Mexico.

Mr. McMahan, the number, it was 20,000 weapons were given to us from Mexico. Is that right? Is that correct?

Mr. McMAHON. That is correct. Over the past 3-1/2 years, we have traced approximately 20,000 firearms from Mexico.

Mr. McCAUL. Okay. And how do they determine which weapons to send to you to be traced?

Mr. McMAHON. It is really up to them, just like it is for every law enforcement agency. We provide a service, which is tracing. It is no different than the NYPD sending us the traces.

Mr. McCAUL. Do we know how many weapons they seize in Mexico versus how much they give to us to be traced?

Mr. McMAHON. No. We do not know that total number. We just know open source reporting. There have been some statements from different people.

We only know what we know, is what it comes down to, based on what they trace.

Mr. McCAUL. Okay. So, the weapons that they did give to you, of those 20,000, all 20,000 were traceable? Or were they not?

Mr. McMAHON. Well, there is a difference between traceable. We consider a firearm traceable that will lead us to the first over-the-counter purchaser. And only about 44 percent of those are traceable.

But as far as a source of supply, we know that, just based on the manufacturing markings, whether or not it is a U.S.-source firearm, either imported or manufactured.

Mr. McCAUL. So, based upon either a serial number or the manufacturer, you are able to determine the source, essentially.

Mr. McMAHON. The source country, yes. But a successful trace leads us to a first over-the-counter purchaser, because that is what we are dealing, the lead that we will be able to push out to the field.

Mr. McCAUL. And so, out of those 20,000, 90 percent, according to your review, based upon serial number or manufacturer, came from the United States.

Mr. McMAHON. That is correct.

Mr. McCAUL. Yes, we talked about hand grenades, both found in Texas and in Mexico, the threat to the U.S. Consulate's office in Mexico with hand grenades. Do you know where these hand grenades are coming from?

Mr. McMAHON. We do. The majority of them are coming from Central America, from the Guatemala area, further south in Central America. They may be manufactured in places such as Israel or other countries, but we know through tracing that those types of hand grenades were sold to certain Central American countries.

Mr. McCAUL. Can you just very briefly expand on the threat that was posed to the U.S. Consulate's office in Mexico?

Mr. McMAHON. I believe it was in October of this past year. Two individuals—there were two or more individuals—fired some rounds at the consulate, and then also threw a hand grenade that did not detonate at the consulate. We have agents working in that consulate.

We identified the hand grenade. And then, based on the markings, we know where it sourced from. And then it was tied directly to that hand grenade that was also recovered in San Juan, Texas.

Mr. McCAUL. Were the suspects captured?

Mr. McMAHON. I believe they were at some point down the road. I am not totally sure of that.

Mr. McCAUL. Okay. If you could follow up with us on that, I would like to know who they were. I assume it may be drug cartel related, but we do not know.

Mr. McMAHON. Absolutely.

Mr. McCAUL. I would like to get the answer to that.

The more heavy style, military-grade weaponry, what is your assessment as to where that is coming from?

Mr. McMAHON. We know that over the past 3-1/2 years, any military-grade weaponry that has been recovered is not U.S.-sourced. We believe, again, that is from the Central America region.

There are some reports that, you know, a .50-caliber rifle mounted on the back of a pickup truck may have been a military-grade weapon. That was not. That was a domestic weapon here in the United States. But some of the LAWS rockets, grenade launchers, those are not being sourced from the United States.

Mr. McCAUL. And they come from Central America.

Do you think the source where they are getting it in Central America could possibly be from, say, China or Russia?

Mr. McMAHON. It possibly could come in from that way into Central America, and then up into the southern border of Mexico.

Mr. McCAUL. Just an overall—I know this is on information sharing and MOUs, and all that. The MOUs that we are talking about here today are between these three agencies. But I wanted to see if we could expand upon also the cooperation that we have with Mexico in this effort.

And Mr. Placido, you talked about the Merida Initiative, which is a very, very important initiative. And in terms of how we are sharing information with Mexico, I know it is a very dicey situation in terms of who you can trust.

Having gone down to EPIC, I saw what they are capable of doing. They are doing some very great work, and I commend all three of you for the work you are doing.

Can you just expand a little bit upon your three agencies' roles, EPIC, and how you are working with our Mexican partners?

Mr. PLACIDO. Certainly, sir.

I guess, beginning with our cooperation with Mexico, the foundation—the bedrock, if you will—for our collaboration with our Mexican counterparts is through a process we know as vetting, which essentially entails conducting the same kind of robust background investigation that we would do on a special agent for any of our three agencies. It would include financials, a psychological assessment, drug use testing. And then it is concluded with a polygraph examination.

But that gives us a snapshot in time in terms of the trustworthiness of the folks that we are dealing with and our ability to share information with them.

When they pass through that process, they then come here and spend anywhere from 4 to 9 weeks in an intensive training program that we put them in Quantico, Virginia.

And probably most importantly, then these vetted units all have at least one DEA special agent assigned, who has unfettered drop-in rights 24 hours a day, 7 days a week. And because these folks are now deemed to be both trustworthy and competent investiga-

tors, we can then share that sensitive investigative information that allows us to build these investigations that span the border, and fight transnational crime.

And, of course, a critical component of that is that the information sharing with our Mexican counterparts is only as good as the sharing that we do on this side of the border. And so, organizations such as EPIC, which you visited, or the OCDETF Fusion Center, our special operations division, are designed so that we can coordinate investigations that cross geographic boundaries, that cross federal, state and local agency involvement, and actually focus the full weight of the United States against these criminal enterprises.

Mr. MCCAUL. Well, thank you so much. I see my time has expired.

Ms. SANCHEZ. I thank the gentleman from Texas.

And we will now recognize the chairman of the full committee, Mr. Thompson, for as long as he would like.

Mr. THOMPSON. Thank you very much, Madam Chairman.

One of the reasons this hearing was called was this notion that the outdated MOUs had long since served their usefulness, and a notion of sharing intelligence was required. And I want to just get each one of you on the record as to whether or not you think that there presently exists some stovepiping of intelligence that an expanded MOU or another MOU could resolve, or, in your humble opinion, we have resolved all the stovepiping issues that would negate interagency communication.

Mr. KIBBLE. Chairman Thompson, I think with this—particularly with the interagency agreement with the DEA, as well as the process that we are forwarding with the OCDETF Fusion Center and the International Organized Crime Fusion Center—that we are pretty much going to make available a comprehensive—our reports of investigation and our investigative data, so that we can find opportunities for collaboration and get a more holistic picture of the threat we face.

So, I do believe that this—of course, we need to implement this bill—but this represents a substantial advancement towards eliminating these stovepipes.

Mr. PLACIDO. Mr. Chairman, I would concur with my colleague, Mr. Kibble. We believe that the agreement as it is currently drafted, if it is executed faithfully, will bring about a new era in information sharing among and between law enforcement officials, not only at the federal level, but with our state and local counterparts, as well.

The OCDETF Fusion Center—and now, the International Organized Crime Center, which has become an appendage of that—fuses for the first time in a single repository, all of the investigative reporting of the seven agencies involved in the OCDETF program, and adds to that information on transnational and organized crime that is not really the drug trafficking.

What we believe this will allow us to do is that kind of cross-cutting analysis that will drive investigations, build better coordination. And we think that that kind of coordination on the front end will eliminate many of the problems which historically have plagued interagency cooperation on the rear end as we do the investigations themselves.

Mr. McMAHON. I agree with my colleagues, obviously. We have been participating in the OCDETF Fusion Center for a number of years. All of our data is there at the Fusion Center, but then also, the ATF Gun Desk at EPIC. All of our information on firearms is located right there, available to every participant at EPIC.

So, I believe we are sharing everything that we have, and I believe we are getting everything we need from the other agencies.

Mr. THOMPSON. Well, thank you. So, the assumption is that, if the MOUs are properly implemented, the past issues that have prevented this interagency cooperation will not be around anymore.

I am trying to just get it real clear.

Mr. KIBBLE. Yes, sir. I mean, as a process and as a framework, yes. There of course will always be individual personality conflicts—

Mr. THOMPSON. Sure, sure.

Mr. KIBBLE. —that will bubble up.

Of course, the key there will be holding those leaders accountable for living up to the spirit of the agreements that we have reached.

Mr. THOMPSON. Well, and I think one of the reasons I think both this committee and Judiciary kind of encouraged the rewrite of some of these MOUs was because times have changed. And if we all are fighting one common enemy, the last thing we needed was turf battles in the middle of this issue.

So, in that respect, I think all of us support the rewrite. We are just cautiously optimistic that its implementation will give us what we are looking for. And I think that is the spirit.

A couple of other issues. DEA issued a moratorium on travel to the Caribbean and a couple of other areas. Have we lifted that moratorium?

Mr. PLACIDO. Mr. Chairman, I think it is an excellent question. And I think it demonstrates the need for this collaboration.

I was led to believe that that question might be asked, so I did some research before coming to this meeting.

What I can tell you is that that travel ban was related to a specific case. It was a temporary measure. It has been lifted.

And the issue in question was not about whether, fundamentally, DEA and ICE could cooperate, but how important it is that, when we do work together, that we are coordinating and talking to each other.

I believe that the outgrowth of that matter was that some ICE individuals traveled into the Caribbean to conduct an investigation without contacting the local office as required by the old MOU. And the individuals that they were actually going to meet with as confidential sources, or informants, were, in fact, people who had already been indicted by DEA, and we were seeking—they were fugitives—we were seeking their extradition.

And so, until that matter could be resolved—it has been—there was a ban on those particular individuals coming down so we could work through those specific issues.

It is my belief that this new sense of cooperation, the new agreement that we have, and the sharing of information on the front end through the OCDETF Fusion Center would eliminate—we would never get to the point that the travel would occur and that they would be targeting these individuals as confidential sources, be-

cause the right record checks and the right communication would have been done, and they would have realized that these individuals were already indicted and were actually fugitives from U.S. justice.

Mr. THOMPSON. So, your testimony is that, with the new MOUs, if that same situation would happen right now, there would be no need to issue the travel ban or anything else, because ICE and any other agency would already have the knowledge and information necessary to go forward?

Mr. PLACIDO. Yes, sir.

Mr. THOMPSON. Good. Thank you very much.

Ms. SANCHEZ. Thank you, Mr. Chairman.

And now we will hear from Mr. Rogers, for 5 minutes.

Mr. ROGERS. Thank you, Madam Chairman.

Mr. Kibble, I want to talk about the 287(g) program. And I preface my remarks by letting you know I think it is outstanding. Alabama, as you are probably aware, is one of the three pilot states that started the program. It has been a stellar success.

There have been zero complaints about abuse of the process, profiling, or anything like that. And the only thing I have heard is demand for more. Not just the state troopers, but sheriffs and police officers would like to have this training, as well.

Now, having said that, I understand it has been suggested that you may revisit the MOUs for 287(g). Tell me, is that true?

Mr. KIBBLE. Sir, I apologize. The Office of State and Local Coordination within ICE administers that program, so I am not completely up to speed. But I would be happy to go back and get you a more comprehensive answer.

Mr. ROGERS. If you would, I would like to know if they are going to be revisiting it. And if so, what changes are they suggesting would be part of that, and how might it change, if any, the task force model that we have with those MOUs?

I would like to go back to your border security implementation. And I want to ask, do you use canines as a part of your efforts, canine teams?

Mr. KIBBLE. Sir, as part of the Border Enforcement Security Task Forces, we have robust participation by Customs and Border Protection, the uniformed arm that secures our border. And they have access to canines, so that when we need to leverage canines in support of a particular interdiction activity in support of an investigation, we can reach and resource that.

Mr. ROGERS. In looking at just your department, ICE, I have talked about this repeatedly to this committee. While we have dramatically increased CBP and the number of agents, ICE has remained flat for the last 6 years as far as adding manpower.

Do you feel like you have enough manpower to do your—to feel like you fulfill your role in these agreements in our border security initiative?

Mr. KIBBLE. Sir, actually, with the generosity of the Congress in terms of the supplemental that was passed a number of months ago, and the president's budget that is currently being considered, we feel that is an appropriate resourcing.

It is true—and we have gotten enhancements in previous years—it is true that our ratio of support, in terms of an investigator

mapped against the CBP officer, has not been consistent—I mean, has fallen off somewhat.

But we do feel that the Congress has been very generous in providing us with resources, particularly with respect to the violence we face along the border in terms of surging our resources to deal with that threat.

Mr. ROGERS. Well, my concern, though, is that you have been pulled from other important areas that you are already devoting attention to in order to meet this new role. And we have not added additional ICE agents to backfill.

And I am very concerned about that continued level of funding of manpower in ICE.

And just for the record, I know you are in a situation where you probably cannot tell me candidly on the record that you need more agents. But I know you need more agents, and I want to make sure in every forum where we have a chance, I want to bring that point up.

I want to go back to the guns and talking about 90 percent of those that you could trace. I thought you said at one time from open sources that there had been 100,000 seized. Is that one of the open source numbers you had mentioned?

Mr. MCMAHON. Yes, I have heard that, that there have been some statements from Mexico that they have seized over 100,000 firearms.

Mr. ROGERS. Yes. So, I want to emphasize that, because not mentioning, not including the weapons grade, the military weapons grade items, that 90 percent is really misleading if you look at the overall stockpile of weapons they have there. Ninety percent of the 20,000 that we could trace were from the U.S., but that was just a fraction of the weapons.

So, I think it is misleading when anybody says that the overwhelming majority of the weapons going into Mexico are from domestic sources here in America.

And also, I find it surprising we hear so much talk about our southwest border being where these weapons are going across, when it seems to me it would be much easier to go into their coastal borders.

Do you all have any knowledge of weapons coming in at our coastal borders?

Mr. MCMAHON. The cases that we are putting together, the majority of them are coming across our land borders. We have seen some recent cases that may be going down into Central America. They may be coming up that way.

But as far as the tracing picture, I mean, obviously, the more we know, the more we know. And we are trying to do our best to make it easier for Mexico to trace all of their firearms.

We should at the end of the year be implementing our Spanish e-Trace, and hopefully to push that to every state in Mexico. And hopefully, that will enhance our numbers.

The numbers have gone up steadily over the past couple of years. But obviously, we need to know the whole picture, just as we need to know the whole picture of firearms recovery here in the United States.

Mr. ROGERS. Thank you.

And I yield back.

Ms. SANCHEZ. And next we have Ms. Lofgren, for 5 minutes.

Ms. LOFGREN. Thank you, Madam Chairwoman. And I think this is an important hearing.

When we meet with officials from Mexico, one of the—this is one of the most important things they want to talk to us about.

I remember, I think almost 3 years ago, meeting with the attorney general of Mexico. He said almost all of the guns that they find in the drug cartels are coming from the United States. And he expressed his recognition that we have a Second Amendment, understands that we are not going to change that, but really begged us, consistent with that, to do something about just the river of guns going into Mexico.

And I was able to tell the Mexican congress when we met a month ago, that we have got a new effort underway. And they are very appreciative of the effort.

And it is interesting. Across the political spectrum, from the far left to the far right, they are united on this one, because they know that, if they do not win their fight against the drug cartels, civil society in Mexico is very much jeopardized.

So, I am happy to hear that there is this new coordination. I will express some anxiety. And we are hearing that everything is fine. I hope that is true.

But I am wondering if there are some metrics that we ought to be looking at, because I am sure the chairwoman will want to have another hearing in a few months to get a report on—you know, everything is fine today. Let us measure our progress.

What metrics would you suggest?

Any of you?

Mr. MCMAHON. I know one of the things that we will be looking at is the number of joint investigations we have, the number of joint operations that we have with ICE. I think, as we work through this process, I think we have always had a very good relationship with ICE and notifying each other on cases.

But now, with the specifics in this MOU, I think it will make easier. It will spell it out a little bit more easily for our troops on the ground on how they should be coordinating. And I know that is one of the things we will be looking at.

Mr. PLACIDO. Madam, if I may, one of the things that I would add to that response is that the participation at the OCDETF Fusion Center and the provision to that center of investigative reporting from the various agencies lends itself to counting and to monitoring by means of metrics. And that will be an approximate measure, I believe, of our success, because as the participants of the various investigative agencies have access to information from other agencies, that should naturally sort of lower the number of conflicts we have later on during the investigations.

So, I would suggest to you that one of the key metrics to be addressed would be the extent to which all of the participating agencies are, in fact, honoring the agreement and providing their most sensitive investigative information to the center.

Mr. KIBBLE. I agree with my colleagues. And the rigor of metrics will be helpful and useful in monitoring that.

I also think, though, it is important that we as the senior leaders in our agencies meet regularly and speak with our principal field officers in the field to ensure that, if there are any issues that are arising, we are resolving them as quickly as possible.

I can tell you that we have had a number of conference calls with all of our SACs. We have placed messages to the field. They have already engaged their DEA counterparts to really make sure we are off on—and our ATF counterparts—to make sure we are off on the right foot in terms of getting this agreement implemented.

Ms. LOFGREN. Let me ask this. We have got a problem of gun flow south, drug and human smuggling north. But we also have money laundering. And that is not the focus of this hearing, but I am wondering how we incorporated our need to follow the money with the coordination that you are doing here.

Mr. KIBBLE. Well, for example, the interagency agreement with DEA talks about sharing of records through the OCDETF Fusion Center. And that will include our financial investigations, as well—an area that ICE has more than 30 years of experience in, in terms of money laundering.

So, there certainly will be—we have also agreed to share data at EPIC in the National Seizure System.

So, a lot of the coordination mechanisms that are contained in these agreements will serve the money laundering and the flow of illicit proceeds south, as well.

Mr. PLACIDO. I would only add to my colleague's testimony by saying that, at the Drug Enforcement Administration, every criminal investigation must have a financial component to look at the money laundering. That is certainly the case in all of the interagency OCDETF investigations. It is required.

And I will let my colleagues speak for themselves, but I believe that is an integral part of all of our investigations today. The grease and the glue that makes this transnational crime business work is illicit money. And it is clearly in our crosshairs.

Ms. LOFGREN. I see my time has expired, and I would yield back.

Mr. THOMPSON. [Presiding.] Thank you. The gentlelady is returning.

The gentleman from Texas, Mr. Green, for 5 minutes.

Mr. GREEN. Thank you. Thank you, Mr. Chairman.

And I thank the witnesses for testifying.

And I might also add that I am grateful that we have one more day to try to get it right. And because we have this additional day and so little time, I want to apologize if my questions seem to be somewhat overbearing, or if I should say something that creates a little bit of friction.

But time is so limited, and we never know for whom the bell will toll next. So, I want to make sure that I use my time as efficaciously as I can.

Do we agree, all of us—meaning the three of you and me—that we have a gunrunning problem? And I assume that your answer is “yes,” because you would not have a Project Gunrunner if you did not have a problem.

So, you all agree that there is a problem?

All right. Given that we all agree there is a problem, then the question becomes, if we gave you everything that you need within reason to resolve the problem, could you resolve it?

Mr. MCMAHON. I think it is a resolvable problem, yes. Maybe not totally. I mean—

Mr. GREEN. I understand. You would never get 100 percent.

Mr. MCMAHON. Right.

Mr. GREEN. But you could resolve it, if we gave you everything that you need within reason?

Mr. MCMAHON. I believe so.

Mr. GREEN. Okay. Then the question becomes, what do you need to get?

Do not tell me now that you need a certain amount of money. I do not want you to put yourself in a position such that, when you go back to the office, you may have some additional questions to answer. Rather than tell me about money, tell me, what do you need to get the job done?

Mr. MCMAHON. One of the things we have done is, we—

Mr. GREEN. Remember now, this is one of those cases where time—remember, we never know for whom the bell will toll next. We have got to do everything that we can to resolve the problem, with the limited time that God has given us.

Mr. MCMAHON. When we see an uptick in violence like we did in Mexico about 5 years ago, we redeployed assets. Obviously, when we redeployed assets, we had to take them from somewhere.

Right now we have a 120-day detail going down in South Texas, with 100 agents from across the country that are no longer doing what they were doing in New York and Washington—

Mr. GREEN. So, you need to replace those 100 agents?

Mr. MCMAHON. At least that, yes.

Mr. GREEN. Well, this is a day to talk about a wish list. Okay? Let us get the wish list out there. What is on the wish list?

Mr. MCMAHON. We know at ATF that, for the next 4 years, if we could bring on 250 agents, 125 IOIs, investigators, and 50 support personnel—each year—that will get us up to where we believe we need.

Mr. GREEN. So, 250 agents.

Mr. MCMAHON. Each year for the next 4 years—

Mr. GREEN. Each year.

Mr. MCMAHON. —125 industry operation investigators and 50 support personnel.

Mr. GREEN. Okay. So—

Mr. MCMAHON. Everything that goes along with those personnel.

Mr. GREEN. Okay. Agents and equipment.

Mr. MCMAHON. Correct. Personnel and equipment.

Mr. GREEN. Personnel and equipment, 250, the next 4 years.

Okay, what else, sir?

Anything else? That would do it for you?

Mr. MCMAHON. That is what—our plan is to—

Mr. GREEN. All right. Let us go to the next gentleman.

What would it take? You have got your wish list.

Mr. PLACIDO. Well, sir, the good news from our perspective is that we are largely getting what I think the Drug Enforcement

Administration can contribute to this, and that is, we are building out a——

Mr. GREEN. Let me just make sure that I have got you right now. You do not need anything.

Mr. PLACIDO. Not at this point on guns, sir.

Mr. GREEN. Okay. Well, all right. But not at this point, maybe at this second. But will you need it next year? Give me your wish list as you are projecting. What will you need?

Mr. PLACIDO. Clearly, we can always do more with more resources. But the focus of the Drug Enforcement Administration is not guns, so I am hesitant to sit here and tell you that my agency needs additional resources to help on investigations of firearms.

We will do everything we can within our power——

Mr. GREEN. I will make a note that you have indicated that you do not need anything right now. And we will look forward to seeing you when you come back.

Okay, let us go to—is that Mr. Kibble?

Mr. KIBBLE. Yes, sir.

Mr. GREEN. All right. What do you need, sir?

Mr. KIBBLE. Congressman, we are actually already in the process of receiving enhanced resources. I think we need to bring them on board and assess how we are doing in terms of mitigating the threat. And then let me come back and give you an after-action report.

Mr. GREEN. Okay. Now, let us talk about the gunrunning rather quickly, because my time is about to expire.

Have we employed the latest in technology to assist us with the gunrunning?

For example, do you make recommendations about firearms and how they can be manufactured? If you are privy to some technology that would be of benefit to you, do you make those kinds of recommendations to us?

Mr. MCMAHON. When a new firearm comes onto the market, it is reviewed by us in our firearms technology branch to make sure it is in compliance with the law.

Mr. GREEN. Do you make recommendations to Congress?

Mr. MCMAHON. I do not believe we do, no.

Mr. GREEN. Okay. Do you make recommendations to Congress, sir?

Mr. PLACIDO. No, sir.

Mr. GREEN. Do you make recommendations to Congress, sir?

Mr. KIBBLE. No, sir.

Mr. GREEN. Mr. Chairman, if I may, I would like to explore the possibility of crafting some legislation that would allow them to make recommendations to Congress, so that we could benefit from the intelligence that they receive on the ground.

Mr. THOMPSON. Well, I think, perhaps as we had a classified briefing from the people, we could probably get some additional information that could probably give us what we want.

Mr. GREEN. I yield to the wisdom of the chair.

Mr. THOMPSON. Well, we will set it up. It is good.

But I think one question that I would like to put on the gun issue, of those 90 percent guns that we identified, can you tell me the source of a majority of those guns?

Mr. MCMAHON. The source as far as the country, state, individual?

Mr. THOMPSON. No, the source as to——

Ms. SANCHEZ. He said 44 percent.

Didn't you say 44 percent?

Mr. MCMAHON. Well, 44 percent is about our success rate to get to an individual, over-the-counter purchaser.

Mr. THOMPSON. Yes, okay.

Mr. MCMAHON. But——

Mr. THOMPSON. All right. So, 44 percent of the 90?

Mr. MCMAHON. Yes, 44 percent of the total is what we consider successfully traced, that we have traced that to an over-the-counter purchaser.

Mr. THOMPSON. All right. Is that, you know, from gun shows or firearm dealers? Or just break out the 44 percent.

Mr. MCMAHON. The way the tracing system works, it will have to—we can only trace it to a gun dealer, because that is where the records are.

The way a trace works is, we will identify a firearm. We will call up the manufacturer. The manufacturer to the wholesaler, the wholesaler to distributor, the distributor to the FFL, and then contact the FFL to find out who they actually sold the firearm to.

Their records do sometimes say that they sold this at a gun show. But the majority of them just say that they sold that themselves from their inventory.

Mr. THOMPSON. So, if I bought that weapon at a gun show, what would I have to produce to buy it?

Mr. MCMAHON. If you bought that weapon from a gun show, from a licensed dealer, you fill out your record, you have the background check. All of that would be in place.

Mr. THOMPSON. What if Mr. Green brought his daddy's .50-caliber——

Mr. MCMAHON. There is no——

Mr. THOMPSON. —to the gun show?

Mr. MCMAHON. There would be no record of that, other than when Mr. Green's father purchased the firearm.

Mr. THOMPSON. And I could buy that weapon and not have to produce any identification or whether I happened to have been a convicted felon, or anything?

Mr. MCMAHON. Individual sales to each other, there is no record-keeping. There is no requirement for background checks or that sort of thing.

Mr. THOMPSON. And our trace system right now is unable to pick that up.

Mr. MCMAHON. We can only trace firearms to the first over-the-counter purchaser.

Mr. THOMPSON. From the legitimate dealer to an individual.

Mr. MCMAHON. Correct.

Mr. THOMPSON. And so, with that classified briefing that we are talking about, would you be able to offer some suggestions to us about how that loophole could be closed?

Mr. MCMAHON. I can talk with our people and see if we can do that. Yes, sir.

Mr. THOMPSON. Let me suggest you talk to them.

Mr. MCMAHON. I will, sir.

Mr. THOMPSON. All right. Thank you very much.

Ms. SANCHEZ. [Presiding.] Thank you, Mr. Chairman. You have just pointed out one of the reasons why I hate gun shows so much.

We have legitimate people who are in our community, paying taxes, paying rent, being real gun dealers, taking information on people, et cetera. And a gun show comes into town, and you have people who do not have to do any of that.

And this is a problem. And it speaks specifically to problems like we see at the border.

I have one last question before we end this. The reason I brought up this whole issue of this 90 percent when we began, is to bring it back to the whole idea that, if there is something as policy-makers and as lawmakers that the Congress can do—some legislation or some program or something—that will help us to actually go after these people who are trafficking guns, who are running guns into Mexico, or bad sellers, who might be licensed correctly, but who are in fact selling to people who are pushing guns into Mexico.

And again, I come from the perspective of, I am not against guns, and I do not want to limit the ability for everyday people to buy a gun to go hunt or to protect their own home, or to go and, you know, shoot at the firing range.

What I want to figure out is how—is there a way in which we pass legislation that will help you do your job to stop what looks like legitimate gun dealers, who are really bad guys, or to stop illegitimate people, gun types of people, sellers, from helping to move these arms, in particular into Mexico?

And I would ask that of all of you.

Mr. MCMAHON. Well, first of all, the regulating firearms industry, right now there are about 59,000 federal license dealers that have gun shops. We actually have 540 investigators to regulate them.

So, obviously, the math is, right now we are trying to get to—along the border we are getting to all of those licensed dealers once every 3 years. That would be our goal across the country. But obviously, with the resources we have, there is no way we can get to 59,000 licensees.

That is on top of another 40,000 licensees that are either collectors or manufacturers, and then, on top of another 35,000 explosives licensees that those same 550 investigators have to regulate.

Ms. SANCHEZ. And so, when you asked for those additional resources every year, what category of worker was that?

Mr. MCMAHON. That was the industry operation investigators, the IOIs. We are looking for about—our plan is for 125 each year for the next 5 years—or 4 years, I am sorry.

Mr. PLACIDO. Madam Chairwoman, I have long marveled that my colleagues at ATF, and others who have to enforce gun laws, have a much more difficult situation than we have at the Drug Enforcement Administration. Drugs are contraband from the beginning, and we can proactively investigate people who traffic in these contraband substances.

Unfortunately, the Second Amendment oftentimes makes it lawful to have the weapons, and you can only conduct the investigation after the crime has occurred.

So, barring some change to our constitutional scheme, I do not know how we could investigate firearms in the same manner that we traditionally investigate drug trafficking.

Ms. SANCHEZ. But you would think that maybe we would need to, if we really want to stop some of this from happening. We acknowledge that.

It is just that, constitutionally, we really do not want—I mean, I do not want to take away the right to bear arms to the individual in the United States. It is just when they are buying 300 semiautomatic weapons, or something, I do not think they are going to hunt with all of those at the same time on the same day.

But, okay.

Mr. McCAUL. Will the gentlelady yield?

Ms. SANCHEZ. Yes, Mr. McCaul.

Mr. McCAUL. I would just like to make the point that, you know, it is illegal to smuggle weapons into Mexico. That is already a violation of the law, and we need to enforce that.

I think these BEST teams that I saw down in El Paso, for instance, I think enhancing that resource capability down there with the BEST teams—and perhaps, you know, and actually having Mexico do its job screening what is coming into its country—is perhaps one of the answers, one of the best answers to this.

I saw the dogs down there, and they were apprehending weapons and currency.

Of course, there are other points of entry and other ways to get it into Mexico.

And so, I share the gentlelady's concern about this issue. And I think that, you know, from a resource standpoint, we need to look at what can we do to enhance our efforts to capture the currency and the weapons going into Mexico.

Ms. SANCHEZ. Thank you, Mr. McCaul.

Mr. Kibble, would you have any—

Mr. KIBBLE. Chairwoman Sanchez, just to say that—

Ms. SANCHEZ. —words of wisdom?

Mr. KIBBLE. —with respect to our mission, the ICE mission, in terms of targeting cross-border smuggling, we feel we had the authorities we need between the Arms Export Control Act and our other export authorities. And that is one component—a significant component—of the broader interagency effort to deal with threat.

But obviously, with more resources we could more.

Ms. SANCHEZ. Thank you, Mr. Kibble.

I would like to recognize the gentlewoman from Texas, for 5 minutes.

Ms. JACKSON LEE. Thank you to the witnesses. And I thank the chair and ranking member for holding this meeting.

Mr. Placido, we have had an encounter some weeks ago. I hope we will have a better one this time.

The concern has gotten extensive. And we appreciate your service, and we appreciate the service that all of the officers of your various units give us every day. They are on the front lines.

I would like to start with Alcohol, Tobacco and Firearms. And I focus on my city, primarily because I have served on Homeland Security since 9/11, and on Judiciary since coming to the United States Congress. And I would view my questioning to be reflective of how we can improve our circumstances.

Why is Houston such an attractive site for gunrunning and for drugs? And the combination is explosive.

You are obviously aware of how hard our law enforcement are working. Just 2 weeks ago, I held a roundtable with Texas Rangers, Department of Public Safety, the sheriff, the police, constables, and it was very effective.

And I do thank your agencies that were participating—some of the agencies. ICE participated. We thank them very much.

So, tell us why they are such—it is such an attractive place? Speak openly about gun laws in Texas.

And as you well know, we have been suffering from what seems to be the acts of bad actors who happen to be undocumented aliens, who we are all collectively supporting. But that is not the face of immigration.

And so, we have a dual problem.

Can you share that with us, Mr. McMahon?

Mr. MCMAHON. Yes, I can.

Ms. JACKSON LEE. And the efforts that you have been making. And I would like you to add the Texas Rangers, if you are not, and the Texas Department of Public Safety officers as part of this team.

Mr. MCMAHON. Absolutely.

I believe why Houston and South Texas is one of our major sources of supply to Mexico is obviously the proximity to the border, the large population there. There are a large number of dealers there. There is a large supply of firearms in Texas. So, that makes it attractive to those who want to take advantage of our laws.

Our efforts, as I said earlier, we have an additional 100 personnel in South Texas right now. We are a small agency. We have to partner with people like the—

Ms. JACKSON LEE. So, if, for example, we would have enough interest that we would up your budget, could you use that money?

Mr. MCMAHON. Absolutely.

Ms. JACKSON LEE. You could use more than 100.

Mr. MCMAHON. I think, you know, when we move those 100 down there, the results are astronomical.

Ms. JACKSON LEE. And how well without—you have some in the Houston area.

Mr. MCMAHON. Yes. Houston and then—

Ms. JACKSON LEE. Do the laws of our state impact on it being a lightning rod—Houston, for example—for this gunrunning?

Mr. MCMAHON. Well, obviously, the laws—guns are accessible in the Houston area, more accessible there than some other states. But I think it is more so the proximity to the border, and then, obviously, the population size of the Houston area.

Ms. JACKSON LEE. And you think the effective roundtable or coordinating—and have you established—is it in a MOU, or you all just put together a task force?

Mr. McMAHON. We have worked on task forces. Obviously, because of—an agency the size of us, we have to——

Ms. JACKSON LEE. You have to leverage your numbers.

Mr. McMAHON. Absolutely.

Ms. JACKSON LEE. Mr. Placido, very quickly, I asked this question before, because Mr. Poe and I have legislation about dispatching extra numbers. So, let me put it in a different way.

Could you use more financial resources to help in the DEA effort? And particularly, how and why is Houston a lightning rod for, I assume, what is quite a bit of drug running?

Mr. PLACIDO. Thank you for the question. Clearly, we could do more with additional resources.

Houston historically has been a very important location in transnational drug trafficking. If you go back to the 1980s, it became in many senses a corporate headquarters for Colombian drug trafficking organizations, owing to a large population of Colombians there. And I do not mean to disparage ethnic groups, but there was a very large concentration of drug trafficking organizations based with their roots in Colombia.

As that traffic shifted and Mexican organizations began to take over transportation and retail distribution, Houston had a history—had the infrastructure, is close to the border—as a staging area. And it remains one of the critical nodes in smuggling of——

Ms. JACKSON LEE. So, if we can make a dent in Houston, we can make a large dent in some of the cross-border problems.

Mr. PLACIDO. Yes, ma'am.

Ms. JACKSON LEE. Madam Chairman, I ask unanimous consent for an additional minute for Mr. Kibble to answer as this time runs out.

Mr. Kibble, if you would. And as I indicated, Mr. Poe and I have legislation that helps to dispatch individuals——

Ms. SANCHEZ. Ms. Jackson Lee, would you have him answer the question? I have Mr. McCaul, who needs to——

Ms. JACKSON LEE. And so, if you would answer that question.

Ms. SANCHEZ. —would like to say something, if we have time.

Ms. JACKSON LEE. And then I can share with you the legislation.

Mr. Kibble, thank you.

Mr. KIBBLE. Ms. Congresswoman, I mean, with the finite resources we have, we prioritize our efforts. With additional resources we could broaden those priorities to address more.

And very quickly, to the other issue that you had identified in terms of the criminal alien——

Ms. JACKSON LEE. Criminal aliens.

Mr. KIBBLE. —impact. We have other programs, such as Secure Communities, that we are rapidly deploying in order to—and prioritizing criminal aliens—in order to remove them as threats from our communities, as well.

Ms. JACKSON LEE. Let me thank you all very much. I look forward to working with you on this very severe problem. And I look forward to you looking at my legislation——

Ms. SANCHEZ. The gentlewoman's time has expired.

Ms. JACKSON LEE. —as it relates to more resources.

Thank you, Madam Chair, very much. This is an important——

Ms. SANCHEZ. We thank the witnesses for their valuable testimony, and the members for their questions. And the members of the subcommittee may have additional questions for the witnesses. We will ask you to respond quickly in writing to those questions.

And hearing no further business, the subcommittee stands adjourned.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

FOR THE RECORD

QUESTIONS AND RESPONSES

QUESTIONS FROM THE HONORABLE LORETTA SANCHEZ, CHAIRWOMAN,
SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM,

RESPONSES FROM KUMAR KIBBLE

Question 1.: GAO recently reported (GAO-09-709) that there was a lack of information sharing between ATF and ICE on firearms trafficking issues at the El Paso Intelligence Center (EPIC), which was established to facilitate coordinated intelligence gathering and dissemination among member agencies related to southwest border efforts to address drug, alien, and weapons smuggling. Separately, GAO reported (GAO-09-63) that ICE has not participated fully in DEA-operated intelligence centers, which leaves them lacking an important source of information and intelligence.

What steps are being taken to improve cooperation and information sharing between ATF and ICE at EPIC and DEA and ICE at DEA-operated intelligence centers?

Response: On June 30, 2009, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and U.S. Immigration and Customs Enforcement (ICE) updated a memorandum of understanding (MOU) that clearly establishes how the two agencies will work together on investigations of international firearms trafficking and possession of firearms by illegal aliens.

The MOU will optimize the resources and minimize the duplication of efforts by each agency. This agreement establishes a framework for both agencies to conduct investigations and share intelligence. ATF and ICE routinely conduct joint investigations. This agreement clarifies the notification process each agency is expected to follow while investigating the international trafficking of firearms, ammunition, explosives, weapons and munitions. Both agencies are committed to working together to reduce firearms-related violence along the U.S. border.

More recently, ATF's Acting Director and ICE's Assistant Secretary visited with Mexican officials to discuss ways to coordinate firearms trafficking and smuggling investigations on both sides of the border.

The ICE Office of Intelligence (Intel) assigned personnel to the "EPIC Gun Desk," which is located within the Watch Operations area at the El Paso Intelligence Center (EPIC). Prior to the integration of ICE personnel into the "Gun Desk" operation, the function had been known as the "ATF Gun Desk." In keeping with the collaborative initiative of ICE personnel working closely with ATF personnel, the name of the operation was changed to the "EPIC Gun Desk" to reflect the inclusion of ICE in the operation. Previously, the "Gun Desk" served as a central repository for weapons-related intelligence information. ICE personnel review weapon seizures received from multiple domestic and foreign sources and coordinate with ATF personnel to link the seized weapon information to active investigations. However, in August, ATF, in coordination with EPIC, created the Special Projects Unit (SPU). ICE has agreed to provide two analysts to this team. Now the SPU will serve as the central repository for weapons-related intelligence and information. ICE works closely with ATF to conduct outreach and education for weapons dealers through the ATF Federal Firearms License Inspections Program.

ICE Intel has been given access to E-trace, ATF's electronic tracing tool. ICE personnel coordinate with ATF to proactively utilize this tool to develop potential leads for investigative field agents. In 2006, ICE signed an E-trace memorandum of understanding (MOU) with ATF.

In addition, ICE has assigned personnel to the Watch Operations Unit and the Southwest Border Unit at EPIC to coordinate with the Drug Enforcement Administration (DEA) on all drug-related issues.

Through Operation Archangel, ICE Intel partnered with DEA to provide real-time intelligence to law enforcement on drug trafficking operations along the southwest border. DEA and ICE share a strong interest in stopping the unlawful flow of narcotics into the United States. By harnessing DEA's expertise in enforcing controlled substance laws and ICE's expertise in investigating the unlawful importation and exportation of contraband, the agencies can most effectively dismantle and disrupt trafficking organizations like those which are engaged in violence along the Southwest Border.

On June 18, 2009, ICE and DEA entered into a new interagency agreement to increase the number of agents targeting international drug traffickers, improve and enhance information and intelligence sharing, and promote effective coordination between the agencies. The interagency agreement greatly strengthens the sharing of drug intelligence and the coordination and deconfliction of drug enforcement investigations. Under the new agreement, ICE will select special agents for cross-designation by DEA. These ICE agents will be authorized to investigate drug cases with a clear nexus to the U.S. borders or ports of entry. On August 6, 2009, ICE also entered into an agreement to participate in the Department of Justice's Organized Crime Drug Enforcement Task Force (OCDETF) fusion center. ICE's full participation in the OCDETF Fusion Center will enable federal law enforcement partners to more closely coordinate investigations. ICE and others will also be able to share information about the seizure of money and other contraband from those engaged in criminal conduct. This type of information sharing enables the agencies to make important links between these seizures and international drug trafficking organizations.

ICE continually looks for ways to improve cooperation and information sharing between partner law enforcement agencies.

Question 2: ICE and DEA signed an MOU in June to ensure that law enforcement efforts are more fully coordinated on investigations involving firearms trafficking and related crimes.

What sort of formal mechanisms are ICE and DEA putting in place to ensure that they coordinate and share information?

What additional steps, beyond the MOU, if any, do the agencies plan to take to improve interagency coordination and cooperation?

What metrics will be used to assess implementation of the MOU?

Response: U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA) are committed to information sharing which will lead to the dismantling and disrupting of drug trafficking organizations. The interagency cooperation agreement between ICE and DEA signed on June 18, 2009, outlines formal mechanisms that will ensure interagency coordination and information sharing. The following are the formal mechanisms outlined in the agreement:

- On August 6, 2009, ICE entered into an agreement to participate in the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center (OFC) through which ICE will share and coordinate investigative information with a number of agencies, including the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and DEA. ICE will fully participate in and staff the OCDETF OFC and the Special Operations Division (SOD).
- ICE fully intends to participate and share information to the same extent as other major federal partners in the OFC and SOD. ICE has committed to sharing all investigative reports, records, and subject indexing records from open and closed investigations, including those related to drugs, money laundering, bulk cash smuggling, and financial crimes, gangs, and weapons.
- CE has agreed to provide access to data related to all seizures of money, drugs, and firearms, including date, type of contraband, amount, place of seizure, and geospatial data when known, at the El Paso Intelligence Center (EPIC).
- The attached memorandum of understanding (MOU) stipulates that all entry level supervisors are responsible for ensuring that personnel under their supervision fully de-conflict and comply with the MOU.
- The MOU also requires the establishment of a Title 21 Coordinator. ICE and DEA will select a Title 21 coordinator at a level no lower than an assistant special agent in charge, for each office. The Title 21 coordinator will ensure cooperation, communication, coordination, and de-confliction for Title 21 matters affecting their respective offices.

- ICE and DEA also will form a headquarters review team comprised of senior managers from the respective agencies to resolve de-confliction and coordination issues.
- The agreement directs ICE and DEA to utilize established local and regional de-confliction centers and/or procedures prior to engaging in enforcement activity.

In addition to the formal mechanisms in the agreement, ICE plans to improve interagency coordination and cooperation. These mechanisms center on joint investigations and investigative task forces. ICE and DEA routinely conduct joint investigations and combine resources through established investigative task forces such as the Border Enforcement Security Task Force, the Organized Crime Drug Enforcement Task Force, the High Intensity Drug Trafficking Area, High Intensity Financial Crimes Area, Panama Express, and Caribbean Corridor.

No metrics have been developed at this time; however, ICE will continue to look at successes to measure joint partnerships. The new agreement will be reviewed after one year. Following that review, the agreement will be reviewed every two years. The MOU is attached for further clarification.

Question 3: The 2009 National Southwest Border Counternarcotics Strategy contains some goals for agencies for combating firearms trafficking but lacks details about how to accomplish those goals. GAO recently reported that ONDCP said that an implementation plan for the 2009 Strategy, due some time this year, will contain details on how the agencies should accomplish those goals.

What role are ATF and ICE playing in the creation of this implementation plan?

What mechanisms will be put in place to ensure agencies are accomplishing the goals outlined in the strategy and the detailed tasks ONDCP stated will be laid out in the Strategy's implementation plan?

What are ATF and ICE's plans for funding any new activities or efforts laid out in the Strategy, or in the forthcoming implementation plan for the Strategy?

Response: U.S. Immigration and Customs Enforcement (ICE) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) participated in drafting Chapter 7, "Weapons," of the 2009 National Southwest Border Counter Narcotics Strategy (NSBCNS). ICE and ATF led a working group through the development and coordination of the specific chapter, collected and consolidated all input and ensured consensus among working group members for all material submitted. ICE and ATF also are working with interagency partners on the strategy's implementation process. The working group is also currently working on performance measures for a strategy that will support future progress updates.

ICE has temporarily detailed, utilizing base funds, 110 special agents from around the U.S., to various offices along the Southwest Border and in Mexico City in support of Border Enforcement Security Task Forces to combat weapons and bulk cash smuggling into Mexico. The operation focuses on contraband, firearms, ammunition, undeclared U.S. currency, stolen vehicles, and human smuggling among other things, at and between ports of entry along the U.S./Mexico border. ICE recently completed a spending plan for the Fiscal Year (FY) 2009 supplemental resources to fund 110 permanent special agent positions along the Southwest Border; these positions would replace the need for the 110 temporarily detailed special agents currently assigned there. ICE has requested an additional \$25 million in the fiscal year 2010 budget to address arms, drugs, and cash smuggling along the southwest border that is specifically called for in the 2009 NSBCNS. No other funding is envisioned at this time.

In addition to the steps already mentioned, both ICE and ATF have assigned Liaison Officers to the Office of National Drug Control Policy who in turn are able to address all issues that impact the implementation of the Southwest Border Strategy and the needs/requirements of their respective agencies with ONDCP. ICE continually looks for ways to improve cooperation and information sharing between partner law enforcement agencies.

Question 4: GAO's report (GAO-09-709) also recommended that ATF and ICE improve their data on arms trafficking, including regarding firearms trace data, assessments of southbound arms smuggling trends, and the results of their efforts to combat arms trafficking.

What plans does ATF have for updating its reporting on aggregate firearms trafficking data and trends?

Will ATF and ICE share comprehensive data and leverage each other's expertise and analysis on future agency assessments, including DHS assessments of southbound weapons smuggling trends?

How will ATF and ICE ensure the systematic gathering and reporting of data related to results of their efforts to combat arms trafficking, including firearms seizures, investigations, and prosecutions of individuals involved in their investigations?

Response: On June 30, 2009, the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) and U.S. Immigration and Customs Enforcement (ICE) updated a memorandum of understanding (MOU) that clearly establishes how the two agencies will work together on investigations of international firearms trafficking and possession of firearms by illegal aliens.

ICE defers to ATF to respond to the question regarding ATF's plans to update its reporting on aggregate firearms trafficking data and trends.

The MOU will optimize the resources and minimize the duplication of efforts by each agency. This agreement establishes a framework for both agencies to conduct investigations and share intelligence. ATF and ICE routinely conduct joint investigations. This agreement clarifies the notification process each agency is expected to follow while investigating the international trafficking of firearms, ammunition, explosives, weapons and munitions. Both agencies are committed to working together to reduce firearms-related violence along the U.S. border.

The ICE Office of Intelligence (Intel) provided ATF with the Strategic Assessment: U.S. Southbound Weapons Smuggling for review and comment prior to production. ICE Intel is currently updating the Assessment and will provide it to ATF for review and comment. In addition, ICE Intel continues to share products with ATF and other partners at the El Paso Intelligence Center (EPIC).

ICE is committed to working with ATF in the development of joint intelligence assessments relevant to southbound weapons smuggling trends. Intelligence sharing between ICE and ATF typically involves exchanges of finished intelligence assessments and the routine daily interaction of each agency's intelligence analyst personnel assigned to EPIC's Special Projects Unit (SPU). Recognizing the need for increased interaction, ICE has assigned a permanent full-time equivalent to the SPU housed at EPIC which serves as the central repository for weapons-related intelligence information. SPU personnel review reports of weapons seizures, conduct research through ICE, ATF and EPIC data resources, and link the seized weapons to active investigations and/or reports of stolen or lost weapons. Intelligence collaboration between ICE and ATF will assist in the production of joint tactical and operational intelligence assessments that will result in significant weapons-related investigations and prosecutions.

ICE continually looks for ways to improve cooperation and information sharing between partner law enforcement agencies. ATF's Office of Strategic Intelligence and Information maintains a good ongoing collaborative relationship. Our analysts routinely collaborate on matters of mutual interest through information sharing. At EPIC, ATF and ICE make up a team dedicated to the collection, analysis and dissemination of weapons-related intelligence and information. This intelligence and information is shared with all partner agencies at EPIC.

Question 5.: ICE and ATF signed an MOU at the end of June to ensure that law enforcement efforts are more fully coordinated on investigations involving firearms trafficking, drug trafficking, and other serious crimes.

Recognizing that both ATF and ICE have a role in combating arms trafficking to Mexico, will one agency assume a lead role on investigations and efforts to combat arms trafficking to Mexico, or how will efforts be organized?

What sort of formal mechanisms are ATF and ICE putting in place to ensure that they coordinate and share information?

What additional steps, beyond the MOUs, if any, do the agencies plan to take to improve interagency coordination and cooperation?

Response: The lead role for any investigation involving firearms, drug trafficking and other serious crimes is contingent on many circumstances including, but not limited to, international trafficking/smuggling violations, sources of information, investigative activities at the ports of entry, and federal firearms licensees. Since U.S. Immigration and Customs Enforcement (ICE) and the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) have complementary investigative roles, they will work together to combat arms trafficking to Mexico. The June 30, 2009, memorandum of understanding (MOU) between ICE and ATF formalizes a partnership to promote effective, coordinated and collective law enforcement efforts both nationally and internationally.

ATF's investigative jurisdiction is broad and includes administration and enforcement of firearms and explosive laws and regulations, to include investigating federal

crimes involving the possession, licensing, transportation, sale and receipt of firearms, explosives, and ammunition, in interstate or foreign commerce.

ICE is responsible for the enforcement of export and smuggling laws, including those pertaining to firearms. ICE enforces a number of export-related laws, including 18 U.S.C. §§ 541-555 (customs), 19 U.S.C. § 1627 (stolen vehicles), and 31 U.S.C. § 5332 (bulk cash smuggling). ATF is responsible for administration and enforcement of the importation provisions of section 38 of the Arms Export Control Act (AECA), relating to the importation of arms, ammunition, and implements of war. ATF also enforces the Gun Control Act of 1968, the National Firearms Act, Title VII of the Omnibus Crime Control and Safe Streets Act of 1968, and Title II of the Organized Crime Control Act of 1970. These statutes provide for ATF's administration and enforcement of licensing, sales, possession and related domestic violations.

ICE has broad authority to enforce and investigate violations of law governing the illegal export, and temporary import, of arms, ammunition and implements of war, pursuant to the AECA, and its implementing regulations. ICE has been provided with the authority to investigate violations of the export provisions of AECA, as noted in 22 C.F.R. § 127.4. Through the Export Administration Act (EAA), and its implementing regulations, ICE has the authority to investigate, seize and detain any export or attempted export of dual-use commodities. In certain circumstances, ICE may also employ the International Emergency Economic Powers Act or the Trading with the Enemy Act.

The 2009 MOU between ICE and ATF includes provisions within section VI that delineate the steps to monitor the implementation of the MOU, and to resolve inter-agency conflicts. Monitoring of the MOU's implementation and the resolution of conflicts will begin at the lowest possible level and will rely on the sound judgment of the ICE and ATF special agents in charge to ensure deconfliction of issues or activities in the field. In addition, the MOU establishes formal guidelines to ensure that ICE and ATF will coordinate and share information.

In those instances where competing equities prevent the field elements from reaching a mutually satisfactory conclusion on any matter under the purview of the MOU, the ICE Director, Office of Investigations, and the ATF Assistant Director, Field Operations, will adjudicate the conflict, if necessary.

ICE is committed to working with ATF to develop joint intelligence assessments relevant to southbound weapons smuggling trends. Intelligence sharing between ICE and ATF typically involves exchanges of finished intelligence assessments and the routine daily interaction of each agency's analysts assigned to the El Paso Intelligence Center (EPIC) Special Projects Unit (SPU). Recognizing a need for increased interaction, ICE has assigned a permanent analyst to EPIC's SPU, which serves as a central repository for weapons-related intelligence information. SPU personnel review reports of weapons seizures, conduct research through ICE, ATF and EPIC data resources, and attempt to link the seized weapons to active investigations and reports of stolen or lost weapons. Intelligence collaboration in this manner between ICE and ATF will assist in the production of joint tactical and operational intelligence assessments that may result in significant weapons-related investigations, and will serve as the basis for large-scale operations. As previously noted ATF's Office of Strategic Intelligence and Information and ICE's Office of Intelligence will continue to collaborate and share intelligence and information.

ICE constantly looks for ways to improve cooperation and information sharing between partners and law enforcement agencies. For instance, ATF participates in several of ICE's Border Enforcement Security Task Forces.

The MOU is attached for further clarification.

QUESTIONS FROM THE HONORABLE ANN KIRKPATRICK, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF ARIZONA

Question 6: The MOU states that ICE will invite the DEA to participate in investigations involving Title 21 authority.

How will this participation work?

Would ICE remain the lead agency on the investigation?

Would the DEA have any authority to either change the course of the investigation or take over the case?

Response: The Interagency Cooperation Agreement between U.S. Immigration and Customs Enforcement (ICE) and the Drug Enforcement Administration (DEA) states that ICE will notify DEA of investigations involving the exercise of Title 21 authority. Further, ICE will invite DEA to participate in the Title 21 investigation. However, this invitation provision does not apply to arrests and seizures at the border or port of entry where no follow-up investigation is conducted. The cognizant ICE and DEA special agent in charge (SAC) will determine the manner of notifica-

tion and invitation. An invitation from ICE to DEA to participate in a Title 21 investigation will materialize through individual joint investigations and through established interagency task forces such as the Border Enforcement Security Task Force, the Organized Crime Drug Enforcement Task Force, the High Intensity Drug Trafficking Area, High Intensity Financial Crimes Area, Panama Express, and Caribbean Corridor. The agreement states that ICE and DEA will invite each other to participate in joint task forces.

ICE will remain the lead agency for investigations in which it invites DEA to participate.

The issue of authority to either change the course of the investigation or take over the case would be resolved by the following process:

- In the event non-exigent disputes over investigations cannot be resolved by either the designated ICE and DEA Title 21 assistant special agent in charge (ASAC), or the respective SAC's, then the ICE/DEA headquarters review team (HRT) comprised of three senior managers from each agency will resolve coordination issues.
- In the event that a dispute cannot be resolved at either the ASAC or SAC level, the DEA SAC will make a decision and the agencies will act in accordance with that decision.

The MOU is attached for further clarification.¹

QUESTIONS FROM THE HONORABLE LORETTA SANCHEZ, CHAIRWOMAN, SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM

RESPONSES FROM ANTHONY PLACIDO

Question 1: GAO recently reported (GAO-09-709) that there was a lack of information sharing between ATF and ICE on firearms trafficking issues at the El Intelligence Center (EPIC), which was established to facilitate coordinated intelligence gathering and dissemination among member agencies related to southwest border efforts to address drug, alien, and weapons smuggling. Separately, GAO reported (GAO-09-63) that ICE has not participated fully in DEA-operated intelligence centers, which leaves them lacking an important source of information and intelligence.

What steps are being taken to improve cooperation and information sharing between ATF and ICE at EPIC and DEA and ICE at DEA-operated intelligence centers?

Response: Under the June 18, 2009, Interagency Cooperation Agreement (ICA) between DEA and ICE, ICE has committed to sharing all investigative reports, records, and subject indexing records from open and closed investigations, including those related to drugs, money laundering, bulk cash smuggling and financial crimes, gangs, and weapons. DEA will continue to participate fully in and share all information at the OCDETF Fusion Center (OFC) and Special Operations Division (SOD).

ICE also agrees to provide, and will have access to, data related to all seizures of money, drugs, and firearms, including date, type of contraband, amount, place of seizure, and geo-spatial data, when known, at the El Paso Intelligence Center (EPIC). DEA will continue sharing this data at EPIC.

The EPIC Gun Desk serves as a central repository for weapons-related intelligence information. Co-located ICE Office of Intelligence (OINT) and ATF Gun Desks personnel review reports of weapons seizures, which are acquired from multiple U.S. domestic and foreign law enforcement sources. ATF and ICE Gun Desk analysts research the reported weapon-related information through ICE, ATF and EPIC data resources and attempt to link the seized weapons to ATF and other agency investigations and reports of stolen or lost weapons.

The Border Violence Intelligence Cell (BVIC) at EPIC is a central point within ICE to better support efforts to combat outbound weapons smuggling and overall border violence along the United States-Mexico Border. The BVIC produces strategic intelligence products that provide partner agencies at EPIC and within the ICE Border Enforcement Security Task Forces (BESTs) with a global view of the criminal activity fueling acts of border violence. Plans are underway, which include facility workspace modifications, to incorporate ICE personnel into the EPIC Southwest Border Unit (currently comprised of DEA, FBI, CBP, ATF and Texas DPS personnel) to enhance information and intelligence sharing.

¹[The referenced MOU is maintained in the committee files.]

ICE and DEA

Questions 2.: ICE and DEA signed an MOU in June to ensure that law enforcement efforts are more fully coordinated on investigations involving firearms trafficking and related crimes.

What sort of formal mechanisms are ICE and DEA putting in place to ensure that they coordinate and share information?

Response: The ICA authorizes the Assistant Secretary for ICE to select an unlimited number of ICE agents for cross-designation by the Administrator of DEA whose duties include the investigation of narcotics with a clearly articulable nexus to the borders or Ports of Entry, including the transportation and staging activities within the United States or between the source or destination country and the United States. Deconfliction between DEA and ICE is paramount and mandatory in investigations. ICE and DEA supervisors at every level are responsible for ensuring personnel under their supervision fully deconflict and comply with the interagency agreement.

DEA and ICE have established a Title 21 Coordinator position in each division who will be the liaison for Title 21 investigations.

ICE will establish a Title 21 Coordinator in foreign locations where ICE has an office. The Title 21 Coordinator will be the liaison with the DEA office head in that country.

Both DEA and ICE committed to extensive information sharing in the interagency agreement. ICE has committed to full participation in the OCDETF Fusion Center and SOD. They will also provide seizure data to EPIC, but have not committed to full staffing at EPIC. DEA will continue to participate fully in and share all information at the OCDETF Fusion Center and SOD.

The interagency agreement calls for use of existing regional coordination centers in addition to locally agreed upon deconfliction methods.

DEA is responsible for the coordination of all Federal drug investigations to ensure deconfliction and compliance with all relevant protocols. Through the Office of International Affairs (OIA) and its ICE Attachés, ICE works with domestic and foreign counterparts to identify and combat criminal organizations *before* they can adversely impact the United States and to facilitate domestic ICE investigations involving transnational criminal organizations, including drug smuggling investigations. ICE Attachés are the Department of Homeland Security's (DHS) investigative component in U.S. Embassies responsible for coordinating operations within DHS and between DHS and other Federal agencies regarding the interdiction of illegal drugs entering the United States and investigating connections between illegal drug trafficking and transnational criminal organizations. Accordingly, ICE Attachés are responsible for coordinating and deconflicting any drug enforcement activities with the DEA Attaché or designee.

ICE and DEA have agreed upon establishment of a Headquarters Review Team (HRT) to address coordination issues. In the field, the strategy and manner of operational deconfliction will be left to the sound discretion of DEA and ICE Special Agents in Charge (SACs) at the local level.

Furthermore, the interagency agreement sets forth procedures for both ICE and DEA to coordinate investigations. ICE and DEA will invite each other to participate in each other's task forces. ICE will invite DEA to participate in all ICE Title 21 investigations. DEA will notify ICE if they are conducting a pass through operation. In addition, if during the course of a Title 21 investigation in either the domestic or foreign arena, if DEA determines that a case has a connection to alien smuggling, nondrug-related international illicit financial schemes, human trafficking, or significant quantities of counterfeit or other nondrug contraband, DEA will notify and invite ICE to participate in the investigation or refer these non-Title 21 offenses to ICE.

Question 3.: What additional steps, beyond the MOU, if any, do the agencies plan to take to improve interagency coordination and cooperation?

Response: The ICA provides for DEA and ICE Special Agents in Charge (SACs) to agree on local coordination protocols which will implement the terms of the ICA. They will also invite each other to participate in the other's task forces when an investigation involves criminal conduct falling under the jurisdiction of more than one agency. These task forces include, but are not limited to, the OCDETF Strike Forces, the BESTs, and the High Intensity Drug Trafficking Areas (HIDTAs). These coordination procedures, when coupled with the strong information sharing procedures, will greatly improve interagency relationships.

Question 4.: What will be used to assess implementation of the MOU?

Response: DEA and ICE will conduct a review of the ICA one year after the initial effective date. The Headquarters Review Team provided for in the ICA will also

identify global issues so that they may be addressed and resolved. Subsequent reviews will occur every two years thereafter.

DEA

Question 5: The DEA has the largest federal law enforcement presence overseas. The MOU recognizes this presence by making clear that DEA remains the "single point of contact" for drug investigations in foreign countries. The MOU also makes clear, however, that such a responsibility does not mean that DEA will supervise ICE's investigative activities overseas.

Please describe foreign law enforcement activities and the oversight you generally perform on the investigations of other agencies, including ICE. How does the MOU change DEA's overseas activities or oversight responsibilities?

Response: DEA has global responsibilities for enforcing U.S. drug laws. As part of a Country Team within a U.S. embassy, DEA acts as the focal point with foreign law enforcement officials on drug law enforcement operational and intelligence matters. This role assures coordination, maximizes investigative effectiveness, promotes agents' safety, and unifies the U.S. Government's drug control efforts undertaken in foreign countries. However, ICE Attachés serve as DHS' investigative component in U.S. embassies for coordinating policy and operations within DHS and between DHS and other Federal agencies regarding the interdiction of illegal drugs entering the U. S . and investigating connections between illegal drug trafficking and transnational criminal organizations.

The oversight by DEA is maintained by DEA ensuring: (a) that the foreign extensions of all U.S. drug investigations are coordinated properly within the U.S. embassy in the host country, as well as with the relevant law enforcement authorities of that host country; and (b) that the foreign extension of any U.S. drug investigation complies with all relevant legal obligations and understandings of and between the U.S. Government and the host country.

Operational foreign drug investigative activities require coordination of those activities, between both the requesting agency and DEA, as well as with the Ambassador and other relevant agencies. As noted in the ICA, DEA does not directly supervise ICE's investigative activities, direct the strategy or set the objectives of ICE investigative matters. Instead, DEA's review of the planned foreign drug investigative activities ensures the compliance discussed above and prevents conflict with other ongoing investigative matters.

ICE may investigate drug smuggling cases with a clearly articulated nexus to the U.S. borders. The investigation may take place abroad in coordination with DEA. This agreement will continue to ensure the U.S. Government speaks with one voice, while also expanding our investigative efforts overseas.

Questions 6.: Under a 1996 MOU between the former Immigration and Naturalization Service and the DEA, Border Patrol agents transfer drug and related intelligence intercepted between the ports of entry to the DEA. Many, including and DHS' Office of Counternarcotics, have questioned whether this practice makes sense from an operational standpoint, since ICE could be utilized to perform the same investigation within the same department.

Will the Title 21 MOU between ICE and DEA affect Border operations?

Response: The DEA/ICE ICA does not change the existing procedure between DEA and CBP (INS) as established in the MOU dated March 25, 1996.

Question 7.: Are there any plans to update the 1996 between Border Patrol and DEA?

Response: There are no plans to update the 1996 at the present time.

QUESTIONS FROM THE HONORABLE ANN KIRKPATRICK (AZ-01), SUBCOMMITTEE ON BORDER, MARITIME, AND GLOBAL COUNTERTERRORISM:

Question 1: The MOU states that ICE will invite the DEA to participate in investigations involving Title 21 authority.

How will this participation work?

Response: ICE will notify DEA of investigations involving the exercise of Title 21 authority by contacting the appropriate DEA Title 21 Coordinator. The manner of notification will be determined by the ICE and DEA SACs. As part of the notification, ICE will invite DEA to participate in the investigation. Furthermore, the use of joint task forces like the Organized Crime Drug Enforcement Task Force (OCDETF) Strike Forces, the Border Enforcement Security Task Forces (BESTs), and the High Intensity Drug Trafficking Areas (HIDTAs) will also serve as a mechanism for participation. Aside from ICE notification to DEA, DEA will notify ICE if they are conducting a pass through operation. In addition, if during the course of

a Title 21 investigation in either the domestic or foreign arena, if DEA determines that a case has a connection to alien smuggling, nondrug-related international illicit financial schemes, human trafficking, or significant quantities of counterfeit or other nondrug contraband, DEA will notify and invite ICE to participate in the investigation or refer these non-Title 21 offenses to ICE.

Question 2.: Would ICE remain the lead agency on the investigation?

Response: The Interagency Coordination Agreement (ICA) does not specify which agency would be the lead agency in the event investigations are of interest to both DEA and ICE. Therefore, designation, if merited, of the lead agency will be made at the local level and will be determined by the circumstances of the investigation, including whether it relates to a long-term ongoing investigation already in existence, whether the target organization is also engaging in non-drug crimes (for example, alien smuggling) and whether investigative resources available to each agency under non-exigent circumstances. However, under exigent circumstances if the line supervisors, the respective Title 21 coordinators and the DEA and ICE SACs cannot resolve the conflict or issue, the DEA SAC will make a decision and the agencies will act in accordance with the decision followed by a written explanation within 48 hours which may be elevated to a Headquarters Review Team (HRT).

Question 3.: Would the DEA have any authority to either change the course of the investigation or take over the case?

Response: Both DEA and ICE bring independent expertise to a Title 21 investigation. Case direction should be determined by input of both agencies. If a conflict arises which cannot be resolved locally, it may be referred to the HRT for resolution. The HRT is comprised of three senior managers from DEA and ICE, including the DEA Chief of Operations and the ICE Director of Investigations. The DEA Chief of Operations chairs the HRT and the ICE Director of Investigations is the vice chair. While the HRT has not convened to date, the HRT will resolve disputes by majority vote. If the HRT is unable to resolve the issue arising under the ICA by majority vote, the DEA Chief of Operations will provide a decision which ICE may appeal to the agency heads.



**THE RISE OF THE MEXICAN DRUG CARTELS AND
U.S. NATIONAL SECURITY**

HEARING

BEFORE THE

**COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES**

ONE HUNDRED ELEVENTH CONGRESS

FIRST SESSION

JULY 9, 2009

Serial No. 111-24

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THE RISE OF THE MEXICAN DRUG CARTELS AND U.S. NATIONAL SECURITY

THURSDAY, JULY 9, 2009

HOUSE OF REPRESENTATIVES,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The committee met, pursuant to notice, at 10 a.m., in room 2154, Rayburn House Office Building, Hon. Edolphus Towns (chairman of the committee) presiding.

Present: Representatives Towns, Issa, Kucinich, Tierney, Clay, Watson, Lynch, Quigley, Norton, Cuellar, Souder, Bilbray, and Jordan.

Staff present: John Arlington, chief counsel—investigations; Kevin Barstow, investigative counsel; Craig Fischer, investigator; Jean Gosa, clerk; Carla Hultberg, chief clerk; Chris Knauer, senior investigator/professional staff member; Jesse McCollum, senior advisor; Ophelia Rivas, assistant clerk; Christopher Sanders, professional staff member; Calvin Webb, ICE detailee; Ronald Stroman, staff director; Lawrence Brady, minority staff director; John Cuaderes, minority deputy staff director; Jennifer Safavian, minority chief counsel for oversight and investigations; Dan Blankenburg, minority director of outreach and senior advisor; Adam Fromm, minority chief clerk and Member liaison; Kurt Bardella, minority press secretary; Tom Alexander, minority senior counsel; and Mitchell Kominsky, minority counsel.

Chairman TOWNS. The committee will come to order.

Good morning and thank you all for being here.

Mexico has long been an important ally and friend of the United States. It is this country's third largest trading partner, has one of the largest economies in the Americas, and remains the third largest source of foreign oil for the U.S. market.

Unfortunately, over the past few years, organized crime has made Mexico a major producing and transit state for illegal drugs trafficked into the United States. As much as 90 percent of all cocaine entering the United States comes through Mexico. Criminals in Mexico are now the largest foreign suppliers of marijuana and major suppliers of methamphetamine. Apparently, crime pays: this criminal enterprise is estimated to produce annual revenues ranging from \$25 to \$40 billion.

In December 2006, shortly after taking office, Mexican President Felipe Calderon began a major crackdown on the drug cartels operating in his country. Since then, almost 11,000 people in Mexico have been killed in drug-related violence. Almost daily, reports from Mexico depict killings, acts of torture, and kidnapping. And

it is getting worse. This past June was the deadliest month on record, with over 800 killed in drug-related violence.

In short, in Mexico, drugs and violence are a growth industry.

As a result, Mexico is facing one of the most critical security challenges in its history. Many who have had the courage to confront the drug cartels have been threatened or killed. This includes policemen, soldiers, judges, journalists, and even the clergy.

However, there is some basis for optimism. The courageous efforts of President Calderon have resulted in important changes. Law enforcement agencies and other Federal officials have reported positive developments in their working relationships with their Mexican counterparts. They say these changes are having a significant effect in addressing the drug threat posed to both countries.

At the same time, there is a front page article in today's Washington Post which reads "Mexico accused of torture in drug war: Army using brutality to fight trafficking." As the effort in Mexico to address the drug threat continues, we must be clear that abuses from the state are equally intolerable. I will seek to understand more about the facts relating to this article as the committee's investigation continues.

Nevertheless, I believe the drug cartels and their associated violence constitute a major threat to security and safety along the Southwest border, and have caused major disruptions to commercial activities, including international trade.

Because of my growing concerns about this problem, I sent a bipartisan team of committee investigators to the Southwest border to get a first-hand look at what is happening on the ground. Our investigators met with numerous Federal, State, and local officials, including law enforcement, military intelligence, and others, and observed field operations in both daylight and night.

This hearing was designed as a followup to the staff field investigation, to provide the committee with an overview of Federal efforts to disrupt and dismantle the Mexican drug trade, and to examine whether Federal agencies have sufficient tools and capabilities to do the job.

Over the past few years, there have been nagging questions about the effectiveness of Federal policy with regard to the Southwest Border. While it is clear that this administration takes the drug cartel threat very, very seriously, questions remain.

Just 1 month ago, the administration published a document entitled, "National Southwest Border Counternarcotics Strategy." This is a blueprint on how the administration will address the threats posed by Mexican drug smuggling.

But the key issue remains, who is in charge?

We know who is leading the fight in Iraq. We know who is leading the fight in Afghanistan. What we don't know is who is leading the fight on our own border. Is it the Border Czar? Is it the Drug Czar? Will it be the National Guard?

Perhaps we will obtain a better understanding of this question today.

One more thing before we begin. With us today are top representatives from key law enforcement agencies involved in the ongoing struggle to address Mexican drug trafficking. The work they do is critical both to United States national security and in helping

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Mexico in its progress to turning the corner on the threats it now confronts. I commend their efforts and I look forward to working with them on this critical national security matter.

Thank you.

[The prepared statement of Chairman Edolphus Towns follows:]

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**Opening Statement
of the Honorable Edolphus Towns
Chairman
Committee on Oversight and Government Reform**

**Hearing on The Rise of the Mexican Drug Cartels
and U.S. National Security**

July 9, 2009

Good morning and thank you for being here.

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In short, in Mexico, drugs and violence are a growth industry.

As a result, Mexico is facing one of the most critical security challenges in its history. Many who have had the courage to confront the drug cartels have been threatened or killed. This includes policeman, soldiers, judges, journalists, and even the clergy.

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Just one month ago, the Administration published a document entitled, *National Southwest Border Counternarcotics Strategy*. This is a blueprint on how the Administration will address the threats posed by Mexican drug smuggling. But, the key issue remains, "Who is in charge?"

We know who is leading the fight in Iraq. We know who is leading the fight in Afghanistan. What we don't know is who is leading the fight on our own border. Is it the Border Czar? Is it the Drug Czar? Will it be the National Guard?

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One more thing before we begin. With us today are top representatives from key law enforcement agencies involved in the ongoing struggle to address Mexican drug trafficking. The work they do is critical both to U.S. national security and in helping Mexico in its progress to turning the corner on the threats it now confronts. I commend their efforts and I look forward to working with them on this critical national security matter.

Thank you.

Chairman TOWNS. Before I recognize my ranking member, Mr. Issa, for his opening statement, I would like to thank the minority for its assistance during this investigation. All of the work related to today's hearing was conducted on a bipartisan basis. I would like to thank the ranking member for his leadership and his staff for continuing to build on this important relationship. I look forward to continuing to work together on important matters such as today's topic.

I will now yield to the ranking member, Mr. Darrell Issa, for his opening statement. Congressman Issa.

Mr. ISSA. Thank you, Mr. Chairman. But I would have let you go on as long as you wanted on that track. [Laughter.]

As the chairman said, this is a bipartisan issue and it is one in which there is no distance between the chairman and myself. Our staffs did work closely on it and intend to continue. There is no surprise that we will reach different conclusions on some of the fixes and some of the things that should be done.

We certainly will reach some differences in the priorities of the administration, including its representatives before us today, and the two of us. But when it comes to finding the facts and to agreeing on the portions that can be agreed on so that we can then disagree on very little, I think this committee is setting a high standard and I intend to continue that.

Mr. Chairman, I ask unanimous consent that my entire opening statement be placed in the record.

Chairman TOWNS. Without objection, so ordered.

Mr. ISSA. Thank you.

With that indulgence, I will take a moment to recognize Alan Bersin. I don't know the rest of you as well, but our new Border Czar is not new to San Diego, and he is not new to dealing with border issues; his work as a U.S. attorney, his work in education, his work on the airport.

Alan, the list of work is too long to do as an introduction, but you have been a champion for so many causes in San Diego, and I couldn't be more delighted that the President has selected you as somebody that rises above politics, rises above either party to do what is right for our country. So I look forward to your testimony today, and I am particularly pleased that the border, as a separate issue is getting attention.

I must admit that the reduction of the Drug Czar from a full cabinet level position concerns me deeply. I think it sends the wrong message at a time in which your efforts and the efforts of the Mexican government are going to be critical. The fact that we pulled away, 2½ years ago, from Plan Colombia, we curtailed our support for Plan Colombia and then, on a very partisan basis, failed to support the Colombian free trade initiative, sends a chilling message to countries who bled so long with us in order to eradicate drugs that once literally controlled the government in Colombia.

Today, in Mexico, we have a very brave president who is fighting the same battle, and so far appears to be making progress. I say that because you are only one key assassination away from a dramatic change in Mexico, and we need to understand that. We need to understand that the depth of corruption in Mexico which has often been well understood, when it is in the hands of people with

guns and willingness to use them—11,000 or so murders this year alone—says a great deal.

We are going to hear today about the spillover or lack thereof, and I believe, as a San Diegan, that people in San Diego, at the border, the U.S. attorney and others, are doing a good job of doing everything they can to ensure that the activity north of the border is disconnected as much as possible from the activity south of the border.

But let's be clear. Whether you are in San Diego or St. Louis or Cleveland, you are directly affected by our failure to stop narcotics from coming into our country. Every city in America and many rural areas have organized crime directly linked to those assets being made available and sold.

Some in my party would say that it is another country's problem alone. I am not one of them. Today, with former Speaker Denny Hastert, we announced, with many members from this committee, a drug task force, one that had been somewhat dormant for several years because we felt that we needed to work hard to bring new emphasis to this growing problem, but also because we want to make sure that the facts are very clearly stated to the American people. First of all, we are the consumers and we are the suppliers of money. We all take a certain amount of blame for the fact that our money ultimately leads to these cartels' operations in other countries.

Additionally, we are going to hear today about guns going south while drugs go north. I have no doubt that drugs do go south. One of the questions is, is it through the tunnels that I have seen personally that move the drugs or is it somehow through the border. Would we in fact do any real good if we set up an exiting American checkpoint at the border, or would it simply be one more burden borne by our Border Patrol people at a cost much higher than either the Mexicans doing their job or, in fact, would we accomplish very little other than to find a small amount of drugs and a small amount of paraphernalia, when in fact anything serious in the way of guns or other activities are probably going through the very means that bring drugs north are also sending things south? And if we didn't find the drugs going north, we are just as unlikely to find the guns going south.

Having said that, I look to an awful lot of information we don't have every day in San Diego, and I again want to thank the chairman, because the only way we are going to really support the efforts of this administration and hold the administration accountable is on a bipartisan basis. We are off to an incredibly good start and I expect it to continue, and I yield back.

Thank you, Mr. Chairman.

Chairman TOWNS. Thank you very much, Congressman Issa.

I would now like to recognize Mr. Tierney to make an opening statement, if he would like.

Mr. TIERNEY. Thank you, Mr. Chairman. I want to thank you and I want to thank again our witnesses for being here this morning.

In March, the Subcommittee on National Security and Foreign Affairs had a hearing on the issue of money, guns, and drugs, and whether or not the United States inputs were fueling violence on

the United States-Mexican border. At that hearing, we heard testimony about what factors inside the United States are contributing to the strength and cruelty of Mexican drug cartels.

The key point that emerged from that hearing, a point that I hope will be explored in more depth here today, is that continuing to interdict drugs and smugglers on the border will be an endless task if we don't address the other related aspects of the drug trade. More progress needs to be made in three main areas: guns, cash, and the demand for drugs in the United States.

According to some estimates, as many as 90 percent of the high-caliber weapons that are being used by drug cartels to perpetrate the violence we have seen in the past several years originate in the United States. We can't hope to quell the violence that has gripped border towns and cities, violence that threatens the stability of the Mexican government and the safety of our own citizens on the southern border if we do not halt the flow of arms into Mexico.

This is a significant challenge for law enforcement and border patrol. In many cases, the manufacture and purchase of these weapons may not be illegal. That means we have to check the gun flow at the border as well as in the interior of this country.

A second major factor in the drug trade and the rise of powerful drug cartels is the cash-flow coming in from the United States. We heard testimony at the March hearing that as much as \$25 billion in bulk cash-flows into Mexico from drug sales in the United States each year. One of our witnesses testified that Federal law enforcement is hampered by its efforts to find and stop these cash-flows by what he called antiquated legislation. It also appeared that there may be a lack of coordination between the various agencies that have jurisdiction in this area. I hope our witnesses today can address those issues in more detail as well.

Finally, we must address the fact that it is the demand for drugs here in the United States that has allowed Mexican cartels to become profitable. According to some estimates, 90 percent of the cocaine, heroin, methamphetamine, and marijuana purchased and consumed in the United States enter our country through Mexico. Americans spend as much as \$65 billion annually in illegal drugs. There are no simple solutions to the problem, but we need to recognize that our internal drug policies and our success at curbing the use of these illegal substances in the United States can have a profound effect on the stability of our neighboring countries and our own national security.

Before closing, I also want to note that there is a global problem, not simply an issue on the United States-Mexican border. After the March hearing, we heard testimony that cocaine from Mexican cartels is now headed to Europe and to Russia. In addition, Mexican and Colombian drug cartels have made inroads in West Africa. Our shared border with Mexico makes the situation there of particular concern to us, but it is just one piece of a global puzzle. I hope that our discussion here today can inform our approach to the other regions as well.

So, again, I want to thank you, Mr. Chairman and thank our witnesses.

Chairman TOWNS. Thank you very much, Congressman Tierney. I now yield to Congressman Bilbray.

Mr. BILBRAY. Thank you, Mr. Chairman. Mr. Chairman, let me just say, as a lifelong resident of the front terra area, I want to thank you for this hearing. It seems that everybody was talking about wars that are overseas and far away, but we are ignoring our own backyard, where fatalities were skyrocketing, where the death rate among law enforcement just south of our border was far beyond anything we had seen anywhere else in the world. And we just sort of ignored it because it wasn't on the radar screen for the media.

I want to apologize to the other two gentlemen, because I have to make a mention of my friend, Mr. Bersin. I just have to say to the administration there are disagreements I have, but when it comes to the choice of our guy over in San Diego in the western sector, no one could have been a better choice than Alan, and I want to thank him for being willing to serve again, because, as everyone knows, it is not an easy job. You knew what you were stepping into. We don't have time for a learning curve here, and I want to thank the administration for bringing the man back online.

Mr. Chairman, the one thing that I have just got to say is that too often we hear the media talk about the drug cartel, drug cartel. We need to change the terminology to the smuggling cartels, because we are talking about not only drugs going north, but we are talking about guns and money coming south, and the same cartel is involved in the illegal alien smuggling. It is all a network and a profiteering.

In fact, I have grown up in an area where we got in the habit of seeing illegal's being used as the mule for the cartels and the abuses and the high risk involved with illegal immigrants because of its relationship to the gun, money laundering, and the drug cartels. So I just want to make sure that we understand that when we talk about this issue, they are all tied together. The cartels have control of the border and the illegal crossing for much too long, and I am glad to see us address this.

I am also glad to see this hearing because too many people on our side of the border think this is a problem that is across the border and it is not going to be a threat to the American communities. This is a major threat for all of us along the front terra area on both sides of the border and I hope I am able to get you photos that I don't think we will show in public, but just so the Members understand how bad this is.

When a hospital in my county has somebody walking in with two fingers and say, "is there any way to preserve these fingers so that, when we get the hostages back, we can sew them back on?" When you have law enforcement that finds two let me just say the remnants of decapitation, this is the kind of thing that we are having going on in our neighborhoods not just in Tijuana, but in the San Diego County region. It is crossing over and now is the time to win this battle, working with Mexico, working with Calderon.

And let me say one thing. President Calderon is the bravest elected official I have ever known, and I think that we have to give credit to him and we have to throw aside our disagreements with Mexico and work with him now, because we either fight this battle on Mexican soil and win it or we are going to be fighting it on American soil at a much higher cost.

I appreciate the chance to be able to be here today and yield back.

Chairman TOWNS. Thank you very much, Congressman Bilbray.

I would now like to introduce our first panel of witnesses testifying today.

Mr. R. Gil Kerlikowske, Director of the Office of National Drug Control Policy, the Executive Office of the President; Mr. Lanny A. Breuer, Assistant Attorney General, Criminal Division, U.S. Department of Justice; and Mr. Alan Bersin, who has been praised all morning here. I want you to know to have Congressman Bilbray and, of course, Congressman Issa say something nice about you, you must be great. [Laughter.]

Assistant Secretary for International Affairs and Special Representative for Border Affairs, Office of International Affairs, U.S. Department of Homeland Security.

Let me indicate we hear the bells, but we are going to go as far as we can, Members.

Let me just swear all of you in. Would you stand and raise your right hands?

[Witnesses sworn.]

Chairman TOWNS. Let the record reflect that all the witnesses answered in the affirmative.

Why don't we start with you, Mr. Kerlikowske. Am I pronouncing that correctly?

Mr. KERLIKOWSKE. Very good. You are excellent in that. Thank you.

Chairman TOWNS. I practiced all last night. [Laughter.]

STATEMENTS OF R. GIL KERLIKOWSKE, DIRECTOR, OFFICE OF NATIONAL DRUG CONTROL POLICY, EXECUTIVE OFFICE OF THE PRESIDENT; ALAN BERSIN, ASSISTANT SECRETARY, OFFICE OF INTERNATIONAL AFFAIRS AND SPECIAL REPRESENTATIVE FOR BORDER AFFAIRS, U.S. DEPARTMENT OF HOMELAND SECURITY; AND LANNY A. BREUER, ASSISTANT ATTORNEY GENERAL, CRIMINAL DIVISION, U.S. DEPARTMENT OF JUSTICE

STATEMENT OF R. GIL KERLIKOWSKE

Mr. KERLIKOWSKE. Thank you, Mr. Chairman. I am honored to be with you, and certainly Ranking Member Issa, all of the committee members that are here today.

Last month, Secretary Napolitano, Attorney General Holder, and I publicly released the strategy that was referenced by the chairman. This is a comprehensive interagency plan that was developed through the work of the Office of National Drug Control, our office, and it was done in a way that ensured all of the partners that you see here today being actively involved in it.

This is a plan that is not going to sit on a shelf and gather dust; it is being put into action even as we speak, and it is being done in partnership also with the courageous and dedicated work of Mexico's President Calderon, the investments that the U.S. Government has made, and the commitment of all of the Federal agencies and the State and local agencies that we have talked to.

To ensure that it is turned into action, the administration will soon be announcing a dedicated interagency working group, which I will lead, to push forward the full and effective implementation of strategy, and that framework is being developed. We will provide a public report on the implementation of the strategy as part of the administration's first national drug control strategy, which will be published early next year.

As part of my oversight responsibilities, my office recently identified overarching national drug control strategy goals to help guide all of the Federal agencies as they develop their policy initiatives, their programmatic efforts, and their budget proposals. Over the coming months, ONDCP will be working with the Departments of Homeland Security, Justice, State, Defense, and others to develop cross-agency performance goals and metrics for the Southwest Border Initiative.

In addition, as the agencies update their strategic plans, we will be working with OMB and the Departments and the agencies to integrate key Southwest Border priorities that are identified in the strategy. This is not only going to ensure accountability, but it will make it clear that combating the flow of drugs and money and weapons across the Southwest Border must be a core element of our Nation's approach to the entire drug problem. It is essential that we work together as one team to stop the flow of drugs into our country, as well as the southbound flow of bulk currency and weapons that fuel drug cartel violence.

To make headway on the full array of border challenges, the Congress and the administration are going to need to work very closely together. I am looking forward to working with this committee and I know that part of the focus that you have certainly identified is on accountability, and we are very prepared to answer that.

Before I close, I want to talk for just a moment about how vital it is that the Federal Government improves its cooperation with State and local partners. I asked the directors of the High Intensity Drug Trafficking Areas to meet with me along the Southwest Border last month. What the HIDTA directors told me and what I believe the members of this committee already know is that our front-line State and local law enforcement partners have been under enormous strain.

Bill Lansdowne in San Diego, Bill Colander, the retiring sheriff of 50-plus years of law enforcement, have been friends for many years, so I listened to this very closely. Although the strain is most acute on the border, as the ranking member mentioned, clearly this is a national problem, and it affected us in Seattle during the 9 years that I was police chief, as well as my colleagues in Minnesota and across the country.

The administration intends to continue to help those law enforcement agencies who need it and that are on the border and also within the interior, and we are going to keep an intense focus on this threat and make a difference.

The knowledge of local law enforcement, meaning the State, County, and city, is a great advantage to the work of the Federal Government. When it comes to the critical challenge of interdicting the southbound flow of weapons and bulk currency, partnership

with those agencies is essential, and I think I can be of great value in that.

State and local law enforcement personnel possess unmatched knowledge about the organizations that operate within their jurisdictions every day. Our law enforcement operations are most effective when this knowledge is combined with the skill, technology, and resources that the Federal agencies can bring. All of us in this administration are committed to pursuing a truly national approach to the critical problem.

Thank you, Chairman Towns. I look forward to answering questions.

[The prepared statement of Mr. Kerlikowske follows:]

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

**Testimony
Of
R. Gil Kerlikowske
Director
National Drug Control Policy**

Committee on Oversight and Government Reform

"The Rise of the Mexican Drug Cartels

and

U.S. National Security"

**Thursday July 9, 2009
2154 Rayburn HOB
10:00 a.m.**

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Statement of R. Gil Kerlikowske
Director, Office of National Drug Control Policy
Committee on Oversight and Government Reform
The Rise of the Mexican Drug Cartels and U.S. National Security

July 9, 2009

Thank you, Mr. Chairman. I am pleased to be with you, Ranking Member Issa, and all of the Committee Members today. Our Nation's response to the challenges on the border is a top priority of the Obama Administration, and all of us very much appreciate your focus on this issue and your longstanding support of these efforts.

Just over a month ago, DHS Secretary Napolitano, Attorney General Holder, and I publicly released the National Southwest Border Counternarcotics Strategy in New Mexico. Prior to the public event, I asked the High Intensity Drug Trafficking Area (HIDTA) Directors from the Southwest border to brief me on the border challenge and to stand with me when we presented the strategy. What the HIDTA Directors told me, and what I believe Members of this Committee already know, is that our frontline State, local, and tribal law enforcement partners are under enormous strain and are bearing a tremendous burden. Police and sheriff departments situated on or near the border, and their colleagues throughout their local criminal justice systems, face tremendous risk from the violent international drug trafficking organizations that move large quantities of drugs northbound and money and weapons southbound across the border. Although this strain is most acute on the border, clearly it is a national problem, with every state challenged with drug-related crime and violence and widespread availability of dangerous, addictive drugs.

The Administration intends to get help to those who need it on the border and to maintain our intense focus on this threat for as long as it takes. The investments from the Recovery Act are going to make a real impact as those new projects get going, and there will be more support to follow. DHS is making major investments at the border, including: \$40 million for non-intrusive inspection systems; \$60 million for tactical communications equipment and radios; \$100 million for SBInet and related border security technology; and \$420 million for planning, management, design, alteration, and construction of CBP Ports of Entry. In addition, much

needed Department of Justice law enforcement funds will provide: \$2 billion for Byrne Memorial Justice Assistance Grants; \$225 million for Byrne Competitive grants; \$125 million for Rural Law Enforcement; \$40 million for Project Gunrunner; and \$225 million for Tribal Law Enforcement Assistance. I am not going to tell you we can solve this problem with a new strategy or with budget initiatives in a single year. But I do want to tell you that I am confident that we have already begun to move in the right direction.

A key objective of mine, as well as of my colleagues at DHS and DOJ, is to strengthen the Federal Government's partnership with State, local, and tribal officials. In fact, when offered the position as ONDCP Director by President Obama, I immediately thought that one way I could make a unique contribution as Drug Czar was to utilize my 36 years of experience in law enforcement to ensure a more effective collaboration between State and local law enforcement and Federal agencies. My experience in St. Petersburg, Florida; Buffalo, New York; and Seattle, Washington has taught me, beyond a shadow of a doubt, that there is tremendous untapped knowledge resident in State and local law enforcement. This knowledge, if effectively integrated with our national efforts, would greatly advance our goal to rid this Nation of violent drug trafficking organizations.

In addition to the existing relationships across the country between Federal law enforcement agencies and State, local, and tribal authorities, partnerships are being built by task forces such as those created and supported by the HIDTA and Organized Crime Drug Enforcement Task Force (OCDEF) programs. The Byrne-Justice Assistance Grants, the Community Oriented Policing Services (COPS) initiative, and grants provided by the Federal Emergency Management Agency have empowered State, local, and tribal agencies to enhance the safety and security of their localities. These initiatives need continued support. There is much more that can be accomplished if we bring together all of our law enforcement capabilities into a combined enforcement effort against the leadership and organizational structure of international drug trafficking organizations.

There has been a lot of discussion, as there should be, about the drug and violence-related challenges faced by the Government of Mexico and the steps they need to take to defeat the drug

cartels. I have nothing but respect for the courageous efforts by President Calderon to take on the cartels; they are deserving of our sustained support. I have already had several meetings with Mexican officials and I look forward to traveling to Mexico City for additional discussions later this month. However, when it comes to law enforcement efforts on the U.S. side of the border, and the extent to which we are marshaling all the capabilities of our Nation in this effort, we should not be satisfied with the status quo. We need to do better, much better.

In my first few weeks in office, I have heard from many of my former colleagues in State and local law enforcement. We talked about the importance of working together as one U.S. team to stop the relentless flow of drugs into our country as well as the outbound flow of bulk currency and weapons. This is a large, complex, and important undertaking. Strengthening this national partnership will be essential to our efforts to stop the flow of bulk currency and weapons from the United States across the border to Mexico. I applaud Secretary Napolitano and Attorney General Holder for their emphasis on stopping the flow of outbound money and guns that empowers the violent Mexican drug cartels. Clearly the money and weapons are just as important to the cartels, if not more important, than the drugs. Of course the purpose of the whole enterprise for the cartels is to garner profits and power; drugs are just a means to those ends. But beefed-up border facilities across the entire Southwest border cannot by themselves solve this problem. The tentacles of international drug trafficking organizations are everywhere, in every community. They operate in our cities, suburbs, rural areas, in our national parks and our public lands, and in our prisons. Without the help of State, local, and tribal law enforcement throughout our country, we will never have the detailed knowledge of local drug trafficking cells and their drug, money, and weapons distribution networks that is necessary to dismantle the international drug trafficking organizations that threaten not only our Nation, but also our neighbors throughout the region.

The thousands of packages of bulk currency and shipments of weapons that slip across our border with Mexico every year do not appear out of thin air. Illegal organizations, operating throughout the continental United States, collect and move their contraband through our local communities. They have built a national network of stash houses, organizational cells specializing in drugs, guns, and money, and a virtual army of couriers with vehicles and

advanced communications and logistics. State and local law enforcement personnel possess unmatched knowledge about the organizations that operate every day within their jurisdictions. Our law enforcement operations are most effective when this knowledge is combined with the skill, technology, and resources that Federal agencies bring to bear.

I know the Federal government can do a better job. Within the scope of applicable laws, Federal agencies have a responsibility to foster an improved and more timely exchange of information with State, local, and tribal authorities – this means a *two-way exchange*. Local officials have a right and good reason to know what happens to investigative leads that they provide to Federal partners, as well as a need to see near real-time relevant reporting from national authorities that impacts the safety and security of their jurisdictions. Agencies headquartered in Washington must participate fully in fusion centers, and ensure that vital criminal databases include all relevant information, are up-to-date, and are easily accessible to appropriate local authorities. In my two months on the job, through conversations with my counterparts, I know they are determined to do this.

The violent international drug cartels operating on both sides of the border are criminals, but they collectively pose a national security threat to our Nation. Information about every part of their operations must be made available to our State, local, and tribal law enforcement officers. It is simply short-sighted and dangerous in this day and age for a local police officer, who may have pulled a suspect over in the middle of the night somewhere, not to have rapid access to comprehensive and up-to-date criminal databases. That officer may be making an extremely consequential decision in determining how to appropriately handle that suspect. We must give our State and local police the information they urgently need to make the right call.

A key part of the Obama Administration's efforts to turn this problem around is through the National Southwest Border Counternarcotics Strategy. Each chapter in the National Southwest Border Counternarcotics Strategy contains specific recommended actions, developed by teams of experts from throughout our government, to enhance our operations. ONDCP is committed to ensuring implementation of this comprehensive plan.

Let me briefly highlight some elements of the new strategy that will provide some concrete help toward that end. Specifically, the strategy directs agencies to:

- Upgrade and standardize communications on the Southwest border. Federal, State, local, and tribal officials need to be able to speak to each other, not only in the case of an emergency, but also to conduct their normal day-to-day field operations.
- Fully establish classified communication capabilities for State and local use. Networks, such as SIPRNET in the Southwest Border HIDTA Intelligence Support Centers and the DHS Homeland Secure Data Network, will leverage military, law enforcement, and intelligence resources to provide greater interagency coordination, collaboration, and cooperation and provide network members a secure means to disseminate up-to-date information and protect information flows.
- Ensure State and local investigators have appropriate security clearances. All law enforcement personnel involved in Southwest border investigations must have the necessary clearances to perform their duties. Too often clearances have not been provided to those who need them to do their work. We will work with our Federal partners to make this happen.
- Enhance interior enforcement. Law enforcement efforts in the interior of the country must be expanded to focus on drug trafficking, tracking and interdicting illegal trafficking of weapons, and seizing bulk currency. The HIDTA program Domestic Highway Enforcement Initiative should continue to target their efforts on interdicting illicit bulk currency transiting our highways and should enhance the initiative with investigations of the trafficking organizations. Simply seizing cash or weapons is not enough, we must use knowledge gained during interior enforcement operations to better understand and then take down major drug organizations.
- Interdict bulk currency and arms. When illegal weapons and bulk currency do make it to the border, we must improve our capacity to interdict these shipments before they get to Mexico and into the hands of drug trafficking organizations. We must improve our use of intelligence-driven interdiction operations while also enhancing southbound inspection capabilities and infrastructure at checkpoints and ports of entry.

- Improve and integrate border databases. All too often a law enforcement officer will stop a known criminal but not be able to detain the individual because the vital information needed to establish probable cause for arrests has not been updated, fully integrated with all relevant data sources, and made accessible to local officers. Further, given the established links between the smuggling of illegal aliens and the smuggling of narcotics, greater access to border databases becomes a tool to establish probable cause for arrests that may not be available otherwise.
- Increase capacities of U.S. Attorneys Offices to handle Southwest border drug investigations and prosecutions. State and county prosecutors on or near the Southwest border face an increasingly overwhelming case load. More resources at the Federal level will help to relieve some of the pressure they are under.
- Expand Federal bulk cash concealment detection training. DEA and ICE train State and local officers in concealment “trap” detection and methods of courier debriefing. IRS’s bulk cash initiative is a pilot program which seeks to provide State and local officers with uniform training in evidence exploitation. These programs empower State, local, and tribal officers to help with this vital mission.

I am also deeply concerned about the tunnel problem. Since 1990, approximately 108 crossborder tunnels have been discovered by law enforcement agencies on the Southwest border. There were 24 tunnels discovered in CY 2008 alone. In fact, a few weeks ago -- and just days after the release of the National Southwest Border Counternarcotics Strategy -- U.S. Border Patrol agents discovered a sophisticated 83-foot-long tunnel underneath the U.S.-Mexico border in Nogales. The uncompleted tunnel featured side walls framed with two-by-four wooden studs, ceiling construction, and a hose used for ventilation. It extended from an abandoned building in Mexico under the border fence to another building more than 40 feet from the border within the United States. These tunnels pose a unique and ongoing threat to the homeland. As detailed in the appendix to the National Southwest Border Counternarcotics Strategy, we will pursue a comprehensive response that makes use of intelligence, interagency coordination, and the most advanced technology at our disposal.

These are just a few highlights. There are many more initiatives, including an array of important ones specifically dedicated to addressing the trafficking of weapons from the United States to Mexico. Because of our commitment to transparency in the Obama Administration we have publicly released a great deal of detail about what we intend to do. To make headway on the full array of border challenges, the Congress and the Administration need to work closely together and I hope this is a subject that the Committee will continue to focus on.

There is much work to do. ONDCP is responsible for coordinating strategy implementation. We will be relying heavily on DHS and DOJ in monitoring progress and highlighting problem areas. These agencies and others will be important partners in providing resources, personnel, and technology to get the job done. In fact, to ensure that the strategy is turned promptly into action, we will soon be announcing a dedicated interagency working group, which I will lead, in conjunction with the Department of State's lead on the Merida Initiative, to push forward full and effective implementation of the strategy. We will provide a public report on implementation of this strategy as part of the first Obama Administration National Drug Control Strategy, to be released early next year.

As part of my oversight responsibilities, my office recently identified overarching National Drug Control Strategy goals to help guide agencies in the development of their policy initiatives, programmatic efforts, and budget proposals. Over the coming months ONDCP will be working with the Departments of Homeland Security, Justice, State, Defense, and others to develop cross-agency performance goals and metrics for Southwest border initiatives. In addition, as agencies update their strategic plans, we will be working with OMB and the departments and agencies to integrate key Southwest border priorities identified in the National Drug Control Strategy and the National Southwest Border Counternarcotics Strategy into each department's strategic plan.

This will not only ensure accountability, but will make it clear that combating the flow of drugs, money, and weapons across the Southwest border must be a core element of our Nation's approach to the entire drug problem. In 2011, ONDCP and our partners, per the requirements of our 2006 reauthorization, will produce an updated version of the National Southwest Border

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Counternarcotics Strategy, which will allow us to adapt appropriately to the dynamic threat environment on the border.

Of course, we must acknowledge that it is the demand for illegal drugs in the United States that drives the threat along the border. As Secretary of State Clinton has rightly pointed out, the wide scale consumption of illegal drugs within the United States is the major cause for the power, wealth, and violence of the cartels. The National Southwest Border Counternarcotics Strategy is an integrated component of this Administration's broader national drug control policy, which includes a renewed commitment to reduce the demand for illegal drugs at home. The strengthening of our treatment efforts, including through drug courts and the sensible use of our criminal justice system, will be central to our efforts. You will be hearing much more from ONDCP on these vital subjects in the months ahead. I recognize that treatment and prevention is not the focus of today's hearing, but I wanted to emphasize how important this subject is to all of us in the Administration.

Thank you again, Chairman Towns, for the opportunity to appear before the Committee today. I would be pleased to answer any questions and I hope to continue a close partnership with your committee throughout my tenure.

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Chairman TOWNS. Thank you very much.
Mr. Breuer.

STATEMENT OF LANNY A. BREUER

Mr. BREUER. Chairman Towns, Ranking Member Issa, and members of the committee, I appreciate the opportunity to appear before you today to discuss the Department of Justice's important role in the administration's overall strategy to address the threats posed by the rise of Mexican drug cartels, particularly along our Southwest Border.

The Justice Department's goal is to systematically dismantle these cartels which threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for much of the scourge of illicit drugs and the increase in violence in Mexico.

This issue commands priority at the highest level of the Department's leadership. As you know, on June 5th, Attorney General Holder, Department of Homeland Security Secretary Napolitano, and Office of National Drug Control Policy Director Kerlikowske released President Obama's National Southwest Border Counternarcotics Strategy. The strategy is designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce the associated crime and violence in the region.

I look forward to working with Director Kerlikowske and Assistant Secretary Bersin, and our many Federal, State, local, tribal, and Mexican partners to ensure success of the administration's strategy.

The Justice Department plays a central role in supporting the National Southwest Border Counternarcotics Strategy. The Department's approach to the Mexican drug cartels is to confront them as criminal organizations. To do so, we employ extensive and coordinated intelligence capabilities to target the largest and most dangerous Mexican drug cartels and focus law enforcement resources. Our intelligence-based, prosecutor-led, multi-agency task forces focus our efforts on the investigation, extradition, prosecution, and punishment of key cartel leaders.

As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels is critical to dismantling them. Stemming the flow of guns and money from the United States to Mexico is an important aspect of the administration's comprehensive approach to the problem. In concerted efforts with the Department of Homeland Security and other law enforcement entities, we are committed to investigating and prosecuting illegal firearms trafficking and currency smuggling from the United States into Mexico.

Another key component to neutralizing the cartels is to work closely with the government of Mexico. The Department plays an important role in implementing the Merida Initiative, including serving as the lead implementer in programs and prosecutorial capacity building, asset forfeiture, extradition training, and forensics. We continue to work closely with Mexico to address the issue of cartel-related public corruption, including through investigative assistance. We also work together on extraditions of key cartel lead-

ers and other fugitives. The Calderon administration has taken bold steps to confront this threat, and we are committed to assisting our Mexican partners in this fight.

We believe that the Department has the right comprehensive and coordinated strategy to disrupt and dismantle the cartels and stem the southbound flow of firearms and cash. The strengths of the Department's approach are illustrated by, for example, the tremendous successes of Operation Accelerator and Project Reckoning, multi-agency, multi-national operations targeting the Sinaloa and Gulf Cartels.

Despite our recent successes, however, we recognize that there is much more work to do. Last month, I traveled to the Southwest Border, along with my friend, Assistant Secretary Bersin, and saw the acute challenges that our brave law enforcement personnel confront on a daily basis and how intertwined those challenges are.

The Department is committed to working together with our colleagues at ONDCP and DHS, with our State, local, and tribal partners, and with the government of Mexico to build on what we have done so far, and to develop and implement new ideas and to refresh our strategies. The recently signed MOUs between DEA and ICE and between ATF and ICE are emblematic of our collaborative, coordinated approach to the threats posed by the Mexican drug cartels. By continuing to work together, we can and will rise to the current challenge.

Again, thank you for your recognition of this important issue and the opportunity to testify today, and I will be happy to answer any questions you may have.

[The prepared statement of Mr. Breuer follows.]



Department of Justice

STATEMENT OF

LANNY A. BREUER
ASSISTANT ATTORNEY GENERAL
CRIMINAL DIVISION
UNITED STATES DEPARTMENT OF JUSTICE

WILLIAM HOOVER
ASSISTANT DIRECTOR FOR FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
UNITED STATES DEPARTMENT OF JUSTICE

ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE

BEFORE THE

UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HEARING ENTITLED

"THE RISE OF MEXICAN DRUG CARTELS
AND U.S. NATIONAL SECURITY"

PRESENTED

JULY 9, 2009

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Chairman Towns, Ranking Member Issa, and Members of the Committee, I appreciate the opportunity to appear before you today to discuss the important role of the Department of Justice (the Department) in addressing the alarming rise of violence in Mexico perpetrated by warring Mexican drug trafficking organizations and the effects of that violence on the United States, particularly along our Southwest Border. The responsibility for this ongoing violence rests with a limited number of large, sophisticated and vicious criminal organizations – not individual drug traffickers acting in isolation. Their illicit drugs are destined for communities throughout the United States, Mexico and Europe. They generate billions of dollars of proceeds annually. These organizations use violence to protect trafficking routes, to retaliate against individuals thought to have betrayed them, and to intimidate both Mexican law enforcement and Mexico's citizens. Drug-related murders in Mexico doubled from 2006 to 2007, and more than doubled again in 2008 to approximately 6,200 murders. Almost 10 percent of the murders in 2008 involved victims who were law enforcement officers or military personnel. To date in 2009 there have been approximately 3,500 drug-related murders in Mexico. During the last decade the surrogates of Mexican drug cartels have expanded their presence across the United States and dominate the US drug trade. Project Reckoning and Operation Xcellerator, which were highly successful and captured 750 Gulf and Sinaloa cartel, nonetheless reflect the depth of their control within the United States.

I want to share with you the Department's strategy to systematically dismantle the Mexican drug cartels, which currently threaten the national security of our Mexican neighbors, pose an organized crime threat to the United States, and are responsible for the scourge of illicit drugs and accompanying violence in both countries. Let me begin by emphasizing the priority that this issue commands at the highest level of the Department's leadership, including the

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Attorney General himself. Most recently, on June 5th, in Albuquerque, New Mexico, Attorney General Holder, Department of Homeland Security (DHS) Secretary Napolitano, and Office of National Drug Control Policy (ONDCP) Director Kerlikowske released President Obama's *National Southwest Border Counternarcotics Strategy* (Strategy), designed to stem the flow of illegal drugs and their illicit proceeds across the Southwest Border and to reduce associated crime and violence in the region.

This Strategy directs Federal agencies to increase coordination and information sharing with State and local law enforcement agencies, intensifies national efforts to interdict the southbound flow of weapons and bulk currency while stopping illicit contraband from being trafficked north, and calls for continued close collaboration with the Government of Mexico in efforts against the drug cartels. The Strategy is an important component of the Administration's national drug control policy and complements the Administration's comprehensive efforts to respond to threats along the border.

In his remarks on the Strategy, Attorney General Holder stated, "Drug trafficking cartels spread violence and lawlessness throughout our border region and reach into all of our communities, large and small." He further noted, "By focusing on increased cooperation between the U.S. and Mexican governments as well as enhanced communication within U.S. law enforcement agencies, the *National Southwest Border Counternarcotics Strategy* we introduce today provides an effective way forward that will crack down on cartels and make our country safer."

Another important component of the Department's efforts to neutralize the powerful Mexican drug cartels is the Mérida Initiative, a partnership between the Government of Mexico and the United States. The Mérida Initiative presents new opportunities for expert collaboration

on many fronts. With Mérida funded programs coordinated by the Department of State, the Department plans, among other things: (1) to place two experienced federal prosecutors in Mexico to work with their counterparts in prosecutorial capacity-building; (2) to assign a forensics expert in Mexico; (3) to assist Mexican law enforcement and our interagency partners in strengthening and developing vetted teams and task forces that can work with U.S. federal law enforcement agencies to attack the cartels across the range of their criminal conduct; (4) to advance fugitive apprehension with U.S. law enforcement agencies and extradition with our Criminal Division experts; (5) to assist Mexico in developing an asset management system to deal with the assets seized and forfeited in criminal cases; (6) to assist Mexican law enforcement and prosecutorial offices in strengthening their internal integrity; (7) to assist Mexican law enforcement officials and prosecutors in enhancing evidence collection, preservation and admissibility; and (8) to provide expert consultations on victim assistance and witness protection issues. At the same time, as an operational matter, the Department continues to work closely with Mexico as it addresses the issue of cartel-related public corruption, including through investigative assistance.

Overview of the Department of Justice's Mexico and Border Strategy

The Department's strategic approach – built on its proven track record in dismantling transnational organized criminal groups, such as the mafia in the 1980s and 1990s – confronts the Mexican cartels as criminal organizations, rather than simply responding to individual acts of criminal violence. Pursued vigorously, and in coordination with the efforts of other U.S. Government agencies and with the full cooperation of the Government of Mexico, this strategy can and will neutralize the organizations causing the violence.

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The Department's strategy to identify, disrupt, and dismantle the Mexican drug cartels has five key elements and supports the *National Southwest Border Counternarcotics Strategy*. First, the strategy employs extensive and coordinated intelligence capabilities. The Department pools information generated by our law enforcement agencies and federal, state and local government partners, and then uses the product to promote operations in the United States and to assist the efforts of the Mexican authorities to attack the cartels and the corruption that facilitates their operations. Second, through intelligence-based, prosecutor-led, multi-agency task forces that leverage the strengths, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies, the Department focuses its efforts on investigation, extradition, prosecution, and punishment of key cartel leaders. As the Department has demonstrated in attacking other major criminal enterprises, destroying the leadership and seizing the financial infrastructure of the cartels undermines their very existence. Third, the Department of Justice, in concerted efforts with the Department of Homeland Security, pursues investigations and prosecutions related to the trafficking of guns and the smuggling of cash and contraband for drug-making facilities from the United States into Mexico. Much of the violence and corruption in Mexico is fueled by these resources that come from our side of the border. Fourth, the Department uses traditional law enforcement approaches to address the threats of cartel activity in the United States. These threats include the widespread distribution of drugs on our streets and in our neighborhoods, battles between members of rival cartels on American soil, and violence directed against U.S. citizens and government interests. This component of the Department's strategy will inevitably include investigations and prosecutions of U.S.-based gangs that forge working relationships with the Mexican drug trafficking organizations (DTOs). Fifth, the Department prosecutes criminals responsible for

federal crimes involving trafficking, smuggling, money laundering, kidnapping and violence. The ultimate goals of these operations are to neutralize the cartels and bring the criminals to justice.

The strengths of the Department's strategy are illustrated by the tremendous successes of Operation Xcellerator and Project Reckoning in the U.S. Government's battle against the Mexican cartels. DEA's Special Operations Division (SOD) focuses the entire USG counternarcotics community against those drug organizations and leaders that are determined to pose the greatest threat to the United States. A few months ago, Attorney General Holder announced the arrest of more than 750 individuals on narcotics-related charges under Operation Xcellerator, a multi-agency, multi-national effort coordinated by the SOD that began in May 2007 and targeted the Mexican DTO known as the Sinaloa Cartel. This cartel is responsible for bringing tons of cocaine into the United States through an extensive network of distribution cells in the United States and Canada. Through Operation Xcellerator, federal law enforcement agencies—along with law enforcement officials from the governments of Mexico and Canada and state and local authorities in the United States—delivered a significant blow to the Sinaloa Cartel's operations in the United States. For example, authorities seized over \$61 million in U.S. currency, more than 12,000 kilograms of cocaine, more than 1,200 pounds of methamphetamine, approximately 1.3 million Ecstasy pills, and other illegal drugs. Also significant was the seizure of 191 firearms, 4 aircraft, and 3 maritime vessels.

Similarly, the Department's Project Reckoning, announced in September 2008, was a 15-month operation, also coordinated by SOD, that severely damaged the Gulf Cartel. It was one of the largest and most successful joint law enforcement efforts between the United States and Mexico. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, plus the seizure

of nearly 20,000 kilos of cocaine, tens of thousands of pounds of marijuana, thousands of pounds of methamphetamine, hundreds of firearms, and \$76 million in currency. Perhaps most importantly, Project Reckoning led to the indictment of a triumvirate of Gulf Cartel leaders.

Operation Xcellerator and Project Reckoning applied the classic law enforcement tools that the Department has successfully wielded against other large, sophisticated criminal enterprises to target the largest threats from the cartels. Neither would have been possible without the development and effective sharing of tactical and strategic intelligence between and among federal agency partners and the Government of Mexico and its law enforcement and special military components. They reflected multi-agency, bi-national efforts, coordinated by SOD and led by prosecutors and investigators from the Organized Crime Drug Enforcement Task Forces (OCDETF), a program that coordinates and channels elements of the federal government – including the Drug Enforcement Administration (DEA), FBI, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the U.S. Marshals Service (USMS), U.S. Attorney's Offices, and the Department's Criminal Division, as well as Immigration and Customs Enforcement (ICE), Customs and Border Protection (CBP), and the Internal Revenue Service (IRS) Criminal Investigations Division. In all, more than 200 Federal, state, local, and foreign law enforcement agencies contributed to the success of Operation Xcellerator and Project Reckoning. These multi-year investigations will result in extraditions and federal prosecutions in numerous states by various U.S. Attorney's Offices and the Criminal Division's Narcotic and Dangerous Drug Section.

We believe the Administration has the right strategy for stopping the violence spawned by the cartels. But despite recent successes by the Administration, we also recognize that there is much more work to do. Indeed, I recently spent several days on the Southwest Border with my

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counterpart at DHS, Assistant Secretary Alan Bersin. There I saw firsthand the acute challenges that our brave law enforcement personnel confront on a daily basis. Drug trafficking organizations remain powerful and continue to evolve and are determined to find new methods to bring illegal drugs and illicit goods into the United States, while also sending cash and guns back to Mexico. This smuggling pattern fuels the cycle of violence in Mexico and is a threat to the United States. As a result, the Department is working closely with our other federal partners, State, local, and tribal officials, and the Government of Mexico to address these issues and root out these criminal enterprises. Additionally, on a positive note, on June 18, 2009, ICE and DEA, entered into an Interagency Cooperation Agreement which will greatly enhance the government's ability to combat the flow of illegal drugs into the United States by strengthening the sharing of drug intelligence and the coordination and deconfliction of drug enforcement investigations. By utilizing ICE's expertise in investigating the unlawful import and export of contraband, and harnessing DEA's expertise in enforcing the controlled substances laws, the agencies can most effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

The Dimensions of the Current Threat

The Mexican drug cartels pose a national security threat to Mexico and an organized crime threat to the United States. Drug-related violence, including kidnappings and increasingly gruesome murders, has skyrocketed in recent years in Mexico, particularly along the border with the United States. Mexican drug traffickers and their enforcers are also engaging in other violent crimes, including kidnappings and home invasion robberies – primarily in Mexico but increasingly in U.S. communities as well. Although violence in Mexico has existed over the

years, the bloodshed has escalated in recent months to unprecedented levels as the cartels use violence as a tool to undermine public support for the Mexican Government's vigorous counter-drug efforts. Traffickers display the bodies of their tortured victims to intimidate government officials and the public alike.

A significant portion of this increase in violence actually reflects progress by the governments of Mexico and the United States in disrupting the activities of the drug cartels. After President Calderon and Attorney General Medina Mora took office in 2006, and with support from the United States, the Government of Mexico undertook a comprehensive program to break the power of the narco-traffickers, making record seizures of drugs, clandestine laboratories, and currency. Mexican law enforcement agencies have arrested many high-level drug cartel members who are being extradited in record numbers to face prosecution in the United States. This unprecedented pressure from the Government of Mexico has led to the retaliatory violence directed at Mexican law enforcement and the Mexican government as a whole. As the Department and our federal agency partners have worked with Mexican authorities to disrupt and dismantle successive iterations of the most powerful cartels, their successors have escalated the fighting among themselves for control of the lucrative smuggling corridors along the Southwest Border.

The violence in Mexico has direct and serious effects in the United States. According to the National Drug Intelligence Center's (NDIC) *2009 National Drug Threat Assessment* (NDTA), within the realm of DTOs, Mexican drug trafficking organizations represent the "greatest organized crime threat to the United States," with cocaine being the leading drug threat. Mexican and Colombian DTOs generate, remove and launder between \$18 billion and \$39 billion in wholesale drug proceeds in the United States annually, a large portion of which is

believed to be smuggled in bulk across the border back into Mexico; as noted above, this currency further fuels the drug trade and its attendant violence. Additionally, Mexican DTOs obtain firearms, including handguns and rifles from sources in the United States for use in DTO operations on both sides of the U.S.–Mexico border. These organizations and their violent paramilitary enforcement groups rely on such firearms and ammunition to control lucrative drug smuggling corridors along the border. We look forward to working in collaboration with Mexican authorities to build their capacity to assess all the weapons seized and provide better definition of arms trafficking across our shared border.

Intelligence-Based Targeting Is the Foundation for a Successful Response

For more than a quarter-century, the principal law enforcement agencies in the United States have recognized that the best way to fight the most sophisticated and powerful criminal organizations is through intelligence-based, prosecutor-led task forces that leverage the strength, resources, and expertise of the complete spectrum of federal, state, local, and international investigative and prosecutorial agencies. It was this approach, for example, that fueled the ground-breaking Mafia prosecutions in the United States and Italy in the late 1980s and 1990s. The Department is applying these same intelligence-driven tactics that broke the back of the Mob to fighting the Mexican drug cartels.

The Department works through several programs to develop a full range of strategic, operational, and tactical intelligence against the Mexican cartels.

First, since 2003, the Department has worked with the drug enforcement community to develop the Attorney General's Consolidated Priority Organization Target (CPOT) list of international "Most Wanted" drug kingpins. Of the approximately 55 worldwide cartels currently on the list, 20 of them are Mexican enterprises. The CPOT list is produced through the

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cooperative effort of the member agencies of the OCDETF Program, and is the product of their shared information. Indeed, over the last several years lawyers and agents assigned to SOD have been coordinating on a number of cases concerning Mexican CPOT targets. This list helps the Department and our federal agency partners focus critical resources on the greatest threats.

Second, the Department leads three multi-agency intelligence centers and an operational center that provide tactical, operational, and strategic support in targeting the largest and most dangerous Mexican cartels and focusing law enforcement resources. The El Paso Intelligence Center (EPIC) currently involves the participation of more than 20 agencies. EPIC provides critical, case-specific tactical intelligence to law enforcement consumers. For example, if a highway patrol officer stops a vehicle in the middle of the night, EPIC may have information about the vehicle, driver, or passengers that can be provided in real time. EPIC focuses specifically on the Southwest Border but also tracks broader tactical data. The ATF's "Gun Desk" at EPIC serves as a central repository for all intelligence related to firearms along the Southwest Border. In addition, the FBI, already a contributing member at EPIC, is in the process of increasing its participation there by creating its Southwest Intelligence Group (SWIG). The SWIG will be used to coordinate information and intelligence relating to the Southwest Border and to better disrupt and dismantle the ongoing violent criminal activity. The SWIG head will also serve as an Assistant Deputy Director of EPIC.

SOD, also led by DEA, is best described as an operations center, rather than an intelligence center, because its functions go beyond the gathering and processing of intelligence. It provides operational targeting, support, and coordination for long-term, multi-agency investigations. It passes leads that have been developed from intelligence sources to field investigators and coordinates the resulting investigations. SOD targets the command and control

communications of major drug trafficking and narco-terrorism organizations. Special emphasis is placed on those major drug trafficking and narco-terrorism organizations that operate across jurisdictional boundaries on a regional, national, and international level, and the operations coordinated by SOD include OCDETF investigations. Operation Xcellerator and Project Reckoning were OCDETF investigations that were both initiated and coordinated through SOD. The transnational nature of narcotics trafficking requires a combined Federal, State and local agency response directed at stopping the flow of narcotics into our communities, often brought together through the OCDETF Program and coordinated through SOD. SOD also plays a critical role in deconflicting these operations.

The OCDETF Fusion Center (OFC) is a comprehensive data center containing drug and related financial data from DEA, ATF, FBI, IRS, the USMS, the U.S. Coast Guard, CBP, NDIC, EPIC, the Financial Crimes Enforcement Network (FinCEN), the Department of State's Bureau of Consular Affairs, and other key players in the international drug enforcement world. The OFC provides critical law enforcement intelligence support for long-term and large-scale investigations, complementing the mission of SOD by providing non-communications intelligence at an operations level. The OFC conducts cross-agency and cross-jurisdictional integration and analysis of drug related data to create comprehensive pictures of targeted organizations through its fused database, Compass. Using the protocols established by SOD, the OFC passes actionable leads to field investigative units.

The third Department-led intelligence center is NDIC, which provides policy makers and resource providers with strategic drug intelligence. In addition to producing the *MDTA*, NDIC produces regional and subject-specific threat assessments. These include OCDETF Regional Assessments, including the Southwest Region. NDIC provides Document and Media

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Exploitation (DOMEX) support to field agents and prosecutors to facilitate the analysis of seized evidence. NDIC also provides DOMEX training and software to foreign law enforcement partners, including Mexico.

The work being done at these intelligence and operations centers is remarkable, and their activities form a key component of our multi-layered approach to dismantling this criminal threat. Again, it is worth noting that the recently executed Interagency Cooperation Agreement between ICE and DEA formalizes the partnership and cooperation between these agencies at EPIC, SOD, and the OCDETF Fusion Center. The Agreement recognizes the importance of DHS and DOJ working together to maximize coordination and deconfliction of drug enforcement investigations to enhance the government's ability to effectively dismantle and disrupt trafficking organizations like those which are engaged in illegal drug and weapons trafficking, cash smuggling and violence along the Southwest border.

Focused Law Enforcement Initiatives

The Department's efforts are focused on three underlying aspects of the Southwest Border threat: drugs, guns, and illegal drug proceeds. These efforts include an integrated and coordinated operational response from Department law enforcement components in coordination with one another and federal agency counterparts.

1. Movement of Drugs

DEA has the largest U.S. law enforcement presence in Mexico with 11 offices in that country. DEA Mexico primarily focuses its resources on the command and control infrastructure of the Mexican cartel leaders with the goal of removing the top layers of cartel leadership, who are essential to the operation of these criminal enterprises. To achieve this goal, DEA Mexico works closely with Mexican law enforcement to help fight this criminal threat. Project

Reckoning and Operation Xcellerator are recent examples of this successful partnership. DEA also sponsors the Sensitive Investigative Units, elite vetted units of Mexican law enforcement and military which undergo robust background investigations and polygraph examinations.

DEA also targets the cartels through its “Drug Flow Attack Strategy” (DFAS), an innovative, multi-agency strategy, designed to significantly disrupt the flow of drugs, money, and chemicals between the source zones and the United States by attacking vulnerabilities in the supply chains, transportation systems, and financial infrastructure of major DTOs. DFAS calls for aggressive, well-planned and coordinated enforcement operations in cooperation with host-nation counterparts in global source and transit zones around the world.

Department law enforcement components cooperate with other federal agencies on EPIC’s “Gatekeeper Initiative.” A “Gatekeeper” is a person or group whose role is “to facilitate the taxation and protection of contraband loads (including illegal aliens) and to enforce the will of the cartel through bribery, intimidation, extortion, beatings, and murder.” These Gatekeepers control territory along the border and are key to cartel smuggling operations in both directions. The Gatekeeper Initiative combines the statutory expertise and authorities of its multi-agency members – DEA, FBI, the USMS, IRS, ICE, ATF, and CBP – to: (1) establish multi-district investigations of the Gatekeepers and their organizations operating along the Southwest Border, including the identification and investigation of corrupt law enforcement officials on both sides of the border; (2) identify additional activities of the Gatekeepers in other regions and pass investigative leads to those jurisdictions; (3) disrupt drug trafficking patterns along the Southwest Border by attacking the smuggling of major cartels; and (4) target the illegal purchase and distribution of firearms by Gatekeepers.

Within the United States, DEA has worked with DHS to implement its "License Plate Reader Initiative" in the Southwest Border region to gather intelligence, particularly on movements of weapons and cash into Mexico. The system uses optical character recognition technology to read license plates on vehicles in the United States traveling southbound towards the border. The system also takes photographs of drivers and records statistical information such as the date, time, and traffic lane of the record. While still in the developmental stages, this information can be compared with DEA and DHS databases to help identify and interdict vehicles that are carrying large quantities of cash, weapons, and other illegal contraband toward Mexico. DEA and other law enforcement agencies will soon be able to submit queries to the database, obtain near real-time responses, and place alerts on suspect license plates.

2. Trafficking of Guns

ATF, in collaboration with other law enforcement entities, such as ICE and CBP, seeks to identify, investigate, interdict, and eliminate the sources of illegally trafficked firearms and the networks for transporting them.

Since 2006, Project Gunrunner has been ATF's comprehensive strategy to combat firearms-related violence by the cartels along the Southwest Border. It includes special agents dedicated to investigating firearms trafficking on a full-time basis and industry operations investigators (IOIs) responsible for conducting regulatory inspections of Federal Firearms Licensees (FFLs) along the Southwest Border. For instance, from Fiscal Year 2004 through February 17th of this year, Project Gunrunner has referred for prosecution 795 cases involving 1,658 defendants; those cases include 382 firearms trafficking cases involving 1,035 defendants and an estimated 12, 835 guns.

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Congress has recently allocated an additional \$25 million in support of Project Gunrunner. These funds will allow ATF to open five new field offices staffed with special agents and IOIs. With these additional resources, ATF can identify and prioritize for inspection those FFLs with a history of noncompliance who represent a risk to public safety, as well as focus on primary retailers and pawnbrokers who sell the firearms of choice for drug cartels. In addition, the funds will be used to send additional special agents to consulates in Mexico.

The tracing of firearms seized in Mexico and the United States is an essential component of the strategy to curtail firearms trafficking along the Southwest Border. When a firearm is traced, specific identifying information – including the make, model, and serial number – is entered into the ATF Firearms Tracing System (e-Trace), which is the only federal firearms tracing system. Using this information, ATF can establish the identity of the first retail purchaser of the firearm and then investigate how the gun came to be used in a crime or how it came to be located in Mexico. Furthermore, analyses of aggregate trace data can reveal trafficking trends and networks, showing where the guns are being purchased, who is purchasing them, and how they flow across the border. As a complement to the Mérida Initiative efforts, ATF received \$4.5 million in asset forfeiture funds from Treasury's Asset Forfeiture fund to initiate a Spanish version of ATF's e-Trace to Mexico. ATF is working with Mexican officials to increase their current usage of the e-Trace system, which will further improve with deployment of Spanish e-Trace in December of this year.

As part of President Obama's commitment to President Calderon on his recent trip to Mexico, ATF will also work to bridge the Integrated Ballistic Identification Systems that stores digital photos and arms-related information related to criminal investigations. This will allow the sharing of digital images, ballistic markings, and other arms-related information to help

identify leads in violent crimes both in Mexico and in the United States. Our efforts will be further enhanced by the President's commitment to urge the Senate to provide its advice and consent in order to ratify the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

Last week I spoke at the Violent Crime and Arms Trafficking Summit hosted by ATF in Albuquerque, New Mexico. The conference brought together leaders from around the U.S. government to refine enforcement strategies, analyze operational and prosecutorial challenges, and advance our national policy to disrupt the illegal flow of firearms to Mexico. This is an issue that we can and must address, and I look forward to continuing to work hand-in-hand with my counterparts and colleagues in our government, as well as State, local, and tribal officials, and our important partners in the Mexican government.

3. Bulk Currency Shipments and Money Laundering

The spike in violence in Mexico among the cartels stems from fights over market share and profits as the Mexican and U.S. governments have, by working together, succeeded in applying greater pressure against them. In addition to removing the leadership ranks of the cartels, the Department is waging a war to seize and forfeit their assets as well. Again, as with any other criminal enterprise, the Department places a high priority on attacking and dismantling the financial infrastructure of the Mexican DTOs. Every OCDETF-approved investigation must include a financial component designed to identify and ultimately forfeit the illegal assets of the targeted organization.

Additionally, the Department has established a "Bulk Currency Money Laundering Initiative," an OCDETF Southwest Region Strategic Initiative that investigates bulk currency movement along transportation routes in the Southwest. Although we do not know the exact

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amount of bulk cash flowing back across the U.S. border to the Mexican DTOs, NDIC estimates that Mexican and Colombian DTOs generate, remove, and launder approximately \$18-\$39 billion annually in gross wholesale proceeds from their distribution of illicit drugs in the United States, a large portion of which is believed to be smuggled in bulk across the border back into Mexico. State and local agencies, which encounter the vast majority of currency seizures on the highways, often lack the resources necessary to conduct follow-up investigations that will lead to the identification and prosecution of the major drug organizations that own the smuggled currency. Again, we have worked in partnership with other federal agencies with primary responsibility for securing the U.S. border. This Strategic Initiative is designed to enhance all the federal, state, and local agencies' efforts through coordination and cooperative investigation. Federal agencies currently participating in this initiative include ATF, DEA, FBI, ICE, CBP, IRS, the USMS, and the U.S. Attorney's Offices.

Between 2007 and 2008, \$2.9 billion was forfeited under the Department's Asset Forfeiture Program. Under the National Asset Forfeiture Strategic Plan, asset forfeiture is integrated into every appropriate investigation and prosecution, recognizing that asset forfeiture is a powerful law enforcement tool that strips criminals of their illicit wealth.

Finally, under the Mérida Initiative, discussed above, the Department is sharing its expertise with Mexican investigators and prosecutors to strengthen Mexico's own asset forfeiture laws and authority.

Federal Prosecution Along The Border

The United States Attorneys have over 540 prosecutors in the five Southwest Border districts, handling national and district-level priorities including narcotics trafficking, firearms trafficking, violent crimes, and immigration offenses. Although the Assistant U.S. Attorneys

(AUSAs) in these 5 border district offices comprise only 11 percent of the nation's AUSAs, in FY 2008, they were responsible for 35 percent of all felony cases, 68 percent of all felony immigration cases, and 35 percent of all non-OCDETF narcotics cases filed in U.S. District Courts nation-wide. Each of the Southwest Border United States Attorney's Offices works closely with federal, state, and local investigative agencies on the initiatives described above. The United States Attorney's Offices are on the front lines of the national effort to prosecute both large-scale criminal enterprise cases involving significant trafficking organizations as well as other criminal offenses arising at the border with Mexico. The United States Attorneys also coordinate with Mexican prosecutors to share evidence in appropriate cases to ensure that justice is achieved either in U.S. or Mexican courts.

During the past three years, U.S. Attorney's Offices and the Department's Criminal Division have seen a significant increase in the number of international fugitives returned to face justice in the United States through international extradition. Colombia and Mexico have extradited fugitives to the United States during this time in unprecedented numbers. Some of those extradited were significant cartel leaders, including major figures of the Tijuana and Gulf Cartels. For example, Osiel Cardenas Guillen, leader of the Gulf Cartel, was extradited from Mexico in January 2007. In December 2008, Mexico extradited Juan Diego Espinosa Ramirez, "El Tigre," a Colombian associate of the Sinaloa Cartel. In February of 2009, Mexico extradited Miguel Caro-Quintero to the United States to face federal narcotics trafficking and racketeering charges brought by the Department; Caro-Quintero is the former head of the now-defunct Sonora Cartel and was responsible for trafficking thousands of metric tons of cocaine and marijuana to the U.S. in the 1980s and 1990s. In March of this year, the Mexican government announced the arrest of Vicente Zambada-Niebla, a top Sinaloa cartel figure, who has been indicted on federal

narcotics charges in the U.S. In April, the Mexican army arrested Vicente Carrillo-Leyva, second in command of the Juarez Cartel and the son of the late Amado Carrillo-Fuentes, the original Juarez Cartel head.

To build upon these successes, and to handle the growing number of cases involving international extraditions and foreign evidence more effectively, the Department is in the process of establishing an OCDETF International Unit within the Criminal Division's Office of International Affairs, which will focus on OCDETF cases involving the highest-level Mexico-based targets. The Unit will expand the current level of cooperation with our foreign counterparts in the arrest, extradition, and successful prosecution of cartel leaders and their subordinates.

In addition, through its regional fugitive task forces and district-based violent offender task forces, the USMS works with state and local police agencies on both sides of the border to locate and arrest offenders who have committed drug crimes or drug-related crimes of violence in the United States and subsequently fled abroad, as well as those who have been charged in the United States but remain resident in other countries. These USMS-led task forces place a high priority on apprehending cartel-related fugitives both domestically and internationally. In FY 2008, USMS arrested 269 violent cross-border felony fugitives, and it currently has 200 cross-border violent felony fugitive arrests for FY 2009.

The USMS also leads the Mexico Investigative Liaison (MIL) Program, which focuses a coordinated effort on international fugitive matters along the Southwest Border. The purpose of this district-based violent crime initiative is to enhance the effectiveness of the USMS's apprehension of violent cross-border fugitives wanted in Mexico or the United States. The 42 Deputy U.S. Marshals currently assigned to the MIL program work under the auspices of the

USMS Foreign Field Office in Mexico City. This program enhances international fugitive efforts by establishing and maintaining contact with USMS Mexican counterparts and sharing real-time law enforcement intelligence information.

Responding to the Threat with Additional Resources

Although the elements of the Department's proven prosecutor-led, intelligence-based strategy are in place, in order to be more effective in combating the Mexican cartels, the Department has taken the following steps to buttress our law enforcement resources along the Southwest Border and in Mexico.

- **Increased DEA presence on the border.** DEA is forming four additional Mobile Enforcement Teams to specifically target Mexican methamphetamine trafficking operations and associated violence, and anticipates placing 16 new positions in its Southwest Border field divisions. Twenty-nine percent (1,171) of the DEA's domestic agent positions are now allocated to the DEA's Southwest Border field divisions.
- **Re-allocation of 100 ATF personnel to Southwest Border.** Based on ATF intelligence, analysis of firearms trace data, and firearms trafficking patterns, ATF is deploying 105 employees, including 68 agents, to work on a temporary detail called Gunrunner Impact Teams. The personnel will be located primarily in Houston and South Texas. The FY 2009 Budget and Recovery Act include additional new funding for Project Gunrunner as well. In particular, \$10 million in American Recovery and Reinvestment Act funding is being used to hire 37 ATF employees to open, staff, equip, and operate new Project Gunrunner criminal enforcement teams (in McAllen, Texas; El Centro, California; and Las Cruces, New Mexico), and to assign two special agents to each of the U.S. consulates in Juarez and Tijuana to provide direct support to Mexican officials on firearms-

trafficking-related issues. ATF will also open new Gunrunner field offices in Phoenix, Arizona, and Houston under the FY 2009 Budget and will add 30 additional ATF personnel in those areas.

- **USMS Fugitive Apprehension and Violent Crime Response.** Over the last nine months, the USMS has deployed an additional 94 Deputy U.S. Marshals to district offices and sent two additional deputies, with another two to arrive by the end of the year, to assist the Mexico City Foreign Field Office in order to step-up efforts along the Southwest Border. In addition, new Criminal Investigators have been placed in the asset forfeiture field units along the Southwest Border. These new positions will support U.S. Attorneys' Offices and investigative agencies in the investigation of cartels and other large-scale investigations. To assist in securing the Mexican side of the border, USMS is providing training courses to our Mexican law enforcement counterparts, resulting in increased intelligence and operational reciprocity as it relates to fugitive investigations and violent crime initiatives. USMS has trained and equipped approximately 250 Mexican law enforcement officers since 2001, resulting in a 240 percent increase in the number of violent felony fugitives arrested.
- **OCDETF augmentation of its Strike Force capacity along the Southwest Border.** In order to foster the enhanced intelligence sharing and coordination necessary to achieve the optimum intelligence-driven, strategic enforcement approach against the most enduring and elusive targets, OCDETF has established Co-Located Strike Forces in key cities across the country, including San Diego and Houston. These Strike Forces operate as true task forces, whose multi-agency members are housed in a common office separate and distinct from any of their parent agencies. Through constant, daily interaction with

each other, while still enjoying the resources and support of their parent agencies, the members of the OCDETF Co-Located Strike Forces have achieved great success against the major Colombian and Mexican cartels. OCDETF is expanding the staffing of its San Diego and Houston Strike Forces. Within the last year, OCDETF has also established two new Strike Forces, one in Phoenix and one in El Paso. In addition, OCDETF is adding one full-time financial analyst contractor for each of the Strike Forces and has plans to place an NDIC DOMEX team with each Strike Force.

- **Increased FBI focus.** The FBI is enhancing its efforts to disrupt drug activity and to dismantle gangs that may have connections to the violent Mexican drug cartels by participating on OCDETF task forces. In addition, to address the surge in kidnappings, the FBI is working closely with Mexican police officials on a Bilateral Kidnapping Task Force. This task force investigates cases along the border towns of Laredo, Texas, and Nuevo Laredo, Mexico. Aside from operational task forces, each of the FBI's border offices has Border Liaison Officers who travel to Mexico on a weekly basis to liaison and coordinate with law enforcement partners. These tools provide local law enforcement on both sides of the border with a rapid response force to immediately pursue, locate and apprehend violent crime fugitives who commit their crimes and flee across the international border to elude capture.
- **Increased funding to combat criminal narcotics activity stemming from the Southern border.** The American Recovery and Reinvestment Act includes \$40 million, to be administered by the Department's Office of Justice Programs, to assist with state and local law enforcement to combat narcotics activity along the Southern border and in

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High Intensity Drug Trafficking Areas, including the \$10 million that is required by statute to be allocated to Project Gunrunner.

- **Public relations campaign.** ATF is doing a public education campaign in Houston and San Antonio, Texas, this summer on illegal straw purchasing of firearms. This will include press conferences, radio, TV, billboards, and seminars with people who have federal licenses to sell firearms.

Conclusion

Thank you for your interest in the Department's efforts to combat the alarming rise of violence in Mexico along the Southwest Border and our views about the most effective ways to address the current threat. In order to attack the full spectrum of the drug cartels' operations – drug trafficking, kidnapping, bribery, extortion, money laundering and smuggling of profits, and trafficking and use of dangerous firearms – we must employ the full spectrum of our law enforcement agencies' resources, expertise, and statutory authorities. By continuing to work together, building on what we have done well so far, and developing new ideas to refresh our strategies, we can rise to the current challenge. Again, thank you for your recognition of this important issue and the opportunity to testify here today. I will be happy to answer any questions you may have.

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Chairman TOWNS. Thank you very much. Let me say that we have votes on the floor and that we will adjourn for 1 hour and be able to come back 10 minutes after the last vote, just in case we run into some problems over on the floor. But I think we should be back in an hour. So at that time we will continue with you, Mr. Bersin. We have to vote around here.

[Recess.]

Chairman TOWNS. The committee will reconvene.

Again, we apologize for the delay, but votes are something that we have to do.

Mr. Bersin.

STATEMENT OF ALAN BERSIN

Mr. BERSIN. Mr. Chairman, Ranking Member Issa, members of the committee, thank you for this opportunity.

The rise of the Mexican drug cartels and U.S. national security poses the critical issue clearly and directly. This is a subject critical to our Nation and one with which I am familiar, having served as the Southwest Border representative for the Department of Justice from 1995 to 1998.

Since my appointment to DHS in mid-April, I have traveled to the border and to Mexico five times to meet with U.S. officials at the Federal, State, local, and tribal level, as well as counterparts in the administration of President Felipe Calderon. I have also met, on behalf of the Department, with immigrant advocacy groups and civic and business groups along the border in Brownsville, Laredo, Del Rio, El Paso, Albuquerque, Tucson, Nogales, Phoenix, and San Diego.

My experience living and working on the border has given me an appreciation for the strategic importance of our political and law enforcement relationship with Mexico, as well as for the gravity of the crisis that we face presently, given the rise of the drug cartels on the United States-Mexican border and within Mexico itself. It is indeed a crisis, though in using that word I note that the Chinese word for crisis is written in Mandarin by combining two characters, the character for danger and opportunity. Our current crisis certainly presents both.

The danger comes from the fact that the Mexican cartels, through violent and corrupt means, have created a national security threat to the government of Mexico and, therefore, derivatively, to the United States. The power of the cartels is alarming. They have polluted the political system of Mexico; they have corrupted the legal system. The second element of danger is the competition among the cartels, along with the Mexican government's attempts to combat them, have led to unprecedented violence in the northern states of Mexico, from Tamaulipas to Baja, CA, resulting reportedly in more than 11,000 deaths in the last 3½ years.

Our opportunity arises from the historic and courageous efforts, indeed, heroic efforts of the Calderon administration, first, to fully acknowledge the power of the cartels and, second, to willingly confront the stark reality of systematic corruption that exists in Mexican law enforcement.

The U.S. Government has been bold as well. Starting with the unqualified acceptance, the consumption of drugs on the U.S. side

of the border is a major contributing factor to the power and influence of Mexican cartels. For the first time, we view drugs coming north and guns and bulk cash going south as two ends of a single problem. It is not the occasion for finger pointing between Mexico and the United States.

The acknowledgment of a shared problem has paved the way for cooperation between DHS, along with DOJ, and the government of Mexico that would have been unthinkable 10 years ago, and even unsayable 3 years ago. DHS is working in full partnership with the government of Mexico to respond to the dangers and the opportunities that the current crisis has presented. This is a relationship of trust with verification, and one that is accepted by both countries on that basis.

On March 24th, Secretary Napolitano and Deputy Attorney General David Ogden announced the President's major Southwest Border Initiative, a reallocation of agents, technology, equipment, and attention—importantly, attention—to the border. Those deployments are now complete.

DHS has also taken steps to deepen our relationship with partner agencies in the government of Mexico. On June 15th, for example, Secretary Napolitano signed a Letter of Intent with Mexican Finance Secretary Augustine Carstens to guide the cooperative efforts of CBP, ICE, and Mexican Customs. DHS components also have worked to broaden the bilateral relationship in information and intelligence sharing, as well as in other areas that are law enforcement sensitive.

Many have asked me what has changed between my first appointment as so-called Border Czar and my current job. The security threat on the border has certainly intensified with regard to the activities of the drug and other smuggling cartels that dot the border. However, I note two positive changes within our Government that make me optimistic that we will succeed in our efforts to reduce significantly the power of the smuggling cartels.

First, DHS provides a significantly better resource capability to confront security issues at the border than was the case previously. It also has a unified chain of command overseeing our investigation and inspection responsibilities. Second, and genuinely, I have been impressed by the extent of cooperation that I have witnessed among our Federal agencies, exemplified and embodied in the relationship that Director Kerlikowske, Assistant Attorney General Breuer, and I have forged in short order. This is particularly true on the Merida Initiative, the long-term vehicle for expanded cooperation between United States-Mexican law enforcement agencies.

Mr. Chairman, Ranking Member Issa, it has been said that the challenge of our time is that the future is not what it used to be. When it comes to United States-Mexican relationships and the prospect for building on that cooperation to deal with Mexican criminal organizations, that is a good thing, a very good thing indeed. I look forward to exploring this matter further with you and my colleagues in the question and answer, Mr. Chairman. Thank you.

[The prepared statement of Mr. Bersin follows:]

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STATEMENT

OF

**ALAN BERSIN
ASSISTANT SECRETARY
OFFICE OF INTERNATIONAL AFFAIRS
AND
SPECIAL REPRESENTATIVE FOR BORDER AFFAIRS
DEPARTMENT OF HOMELAND SECURITY**

BEFORE

**THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

July 9, 2009

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Chairman Towns, Ranking Member Issa, and distinguished Members of the Committee: I thank you for the opportunity to join today's panel and give testimony on the current state of the southwest border (SWB), and the strategic efforts of the Department of Homeland Security (DHS) to secure the border region, while fostering legitimate travel and trade between the United States and Mexico.

This is a subject critical to our nation, and one with which I have significant personal experience. I served in a similar capacity as Southwest Border Representative for the Department of Justice (DOJ) from 1995-1998, and as the United States Attorney in San Diego from 1993-1998. Perhaps more importantly, I have been a resident on or near the border for 35 years, and have a keen appreciation for the strategic importance and the political intricacies of our relationship with Mexico. Our shared border faces many challenges, centering on eliminating crime that crosses the border.

On April 15, Secretary Napolitano appointed me to serve as Assistant Secretary for International Affairs and the DHS Special Representative for Border Affairs. In this role, the Secretary has asked me to perform several functions that support her strategic vision for a secure border. While this responsibility broadly encompasses all our nation's borders, today I will be addressing issues relevant to the SWB and our work with the Government of Mexico (GOM), and our partner agencies the United States.

As Special Representative, I am responsible for: coordinating implementation of DHS efforts on the SWB; developing new proposals for enforcement; serving in coordination with the DHS components, as the lead on SWB and Mexico law enforcement issues; representing DHS on the Southwest Border-Merida Interagency Policy Committee (IPC); working closely with the Department of State (DOS) and DOJ to facilitate our agencies' joint missions; and serving as the principal liaison to DOJ for cooperation on SWB law enforcement initiatives.

Since my appointment I have traveled to the SWB and Mexico five times to meet with U.S. officials at the federal, State, local and tribal level, as well as our counterparts in the administration of Mexican President Felipe Calderón. I have also met, on behalf of the Department, with immigrant advocacy groups in El Paso and Tucson; and with civic and business groups in Brownsville, Del Rio, El Paso, Tucson, and San Diego. I have had the chance to meet many of the Senators and Representatives that represent border districts and states, and I look forward to working with those Members who I have not yet had the opportunity to meet. I appreciate the historic significance of our current efforts on the SWB—both in the intensity of the organized crime-generated violence that we are now seeing in Northern Mexico, and in the level of cooperation between our governments in addressing the problem.

Shortly before my appointment as Special Representative for the Border, the Obama Administration announced a major deployment of resources, personnel, and technology to the SWB in what is referred to as the SWB Initiative. Through this initiative, DHS, DOJ and DOS are supporting President Calderón's historic effort to crack down on drug cartels operating in Mexico while preventing violence in Mexico

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from spilling over across the border. In my testimony today, I would like to elaborate on these themes, by explaining the specific initiatives that have occurred since this announcement, our continued cooperation with the Government of Mexico, and the Department's comprehensive approach to securing the U.S.-Mexican border.

SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY

On June 5, Secretary Napolitano—along with Attorney General Eric Holder and the Office of National Drug Control Policy (ONDCP) Director Kerlikowske—announced the *2009 National Southwest Border Counternarcotics Strategy*. This Strategy lays out the Administration's comprehensive, interagency approach for combating the drug trafficking organizations that operate along our border with Mexico. In doing so, the Strategy serves as the top-level framework guiding the Department's efforts to stop guns and bulk cash from flowing south and illicit contraband from being trafficked north.

The Strategy, including its general parameters, was developed pursuant to ONDCP's Reauthorization Act of 2006 (P.L. 109-469). The Act asked the Administration to set forth the U.S. Government's strategy for preventing the illegal trafficking of drugs across the U.S.-Mexico border, and to lay out the roles and responsibilities of the relevant National Drug Control Program agencies. The Strategy identifies the key elements needed to effectively combat the drug cartels. It provides recommendations—or “supporting actions”—for each agency to pursue toward common objectives, addressing nine primary focus areas in separate chapters that include Intelligence and Information sharing, Investigations and Prosecutions, Money, Weapons, and Technology, to name only a few.

The recommendations in the Strategy were developed by a representative interagency team, taking into account input received from State, local, and tribal partners. The strategy also reflects our consultations and ongoing work with the GOM. Per ONDCP's request, the DHS Office of Counternarcotics Enforcement (CNE) and the DOJ Office of the Deputy Attorney General (ODAG) led and coordinated the interagency process. The development of the chapters was chaired or co-chaired by subject matter experts from DHS' Office of Intelligence and Analysis (I&A), DOJ's Drug Enforcement Administration (DEA), Customs and Border Protection (CBP), DOJ's Criminal Division, Narcotic and Dangerous Drug Section, the Department of the Treasury's Internal Revenue Service (IRS), U.S. Immigration and Customs Enforcement (ICE), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), ONDCP Counterdrug Technology Assessment Center (CTAC), the Department of State's Bureau of International Narcotics and Law Enforcement, and CNE. Each team was required to have interagency input, review and consensus.

A few highlights of the Strategy:

- The Strategy sets a course for the Department to improve information and intelligence sharing by better integrating our various collection capabilities, promoting intelligence-driven operations, and ensuring that information is made available for

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direct enforcement activities. The supporting actions recommended by the Strategy aim to establish one common intelligence picture of the southwest border to support more effective law enforcement operations.

- The Strategy includes enhanced interdiction efforts at the ports of entry (POEs), between the POEs, and in response to air and marine threats. Supporting actions in this area include increases or enhancements to personnel, inspection equipment, biometrics, mobile and standardized communications equipment and canine detection capabilities. It calls for establishing a common operating picture to detect suspect aircraft involved in smuggling drugs and other contraband, and to gain better awareness of the land and sea domains. Our interdiction efforts require an interagency approach, and therefore the Strategy also underscores the importance of multiagency task forces and fusion centers, such as the Border Enforcement Security Task Forces (BESTs), the Organized Crime and Drug Enforcement Task Force (OCDETF) and the various Federal, State, and Local agencies working together at the CBP Air and Marine Operation Center.
- Enhanced interdiction efforts are supported by enhanced investigative and prosecutorial capacity. The Strategy provides a number of recommended actions to support our agencies' efforts related to investigations and prosecutions, countering financial crime, and combating weapons smuggling and arms trafficking that fuels the power and violence of drug trafficking organizations and criminal gangs.
- As part of our strategic planning efforts, the Strategy outlines technology development that will support our ongoing enforcement and investigative efforts. An appendix on tunnels maps out the collective, interagency efforts to address the serious challenge of combating the use of tunnels to smuggle contraband across the U.S.-Mexico border.
- Finally, the Strategy features a chapter on our cooperation with Mexico, identifying common priorities across the interagency with regard to the GOM, and explaining how USG efforts to secure the SWB can be complemented by the Mérida Initiative. Our current cooperative efforts with Mexico and the recognition of that partnership are a vital component of any strategy that seeks to confront cross-border organized crime.

The 2009 Southwest Border Counternarcotics Strategy provides a five-year framework for DHS—in concert with its federal, State, local, and tribal partners—to develop and pursue law enforcement aimed at weakening the drug trafficking organizations and criminal groups that operate along the border. My colleagues at DHS and I look forward to working towards full implementation of the SWB Counternarcotics Strategy under the leadership of ONDCP Director Kerlikowske.

IMPLEMENTATION OF THE SWB INITIATIVES

The public announcement of the Administration's major SWB Initiative on March 24th—and the details outlined by the Secretary on April 15 called for strategic redeployments of DHS personnel totaling more than 360 additional officers and agents at

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the border and in Mexico, including: doubling assignments to ICE BESTs; tripling the number of intelligence analysts working at the border; and quadrupling the number of agents designated as Border Liaison Officers who work cooperatively with Mexican law enforcement authorities. DHS also deployed technology and resources to the border, including biometric identification equipment, Z-Backscatter mobile X-ray units—used to help identify anomalies in passenger vehicles, and canine detection teams.

All of these resources have been deployed, and my colleagues on this panel will share some specific results of those deployments. I am now working in close coordination with the DHS operational components to see that our resources are directed in a coordinated manner to achieve the objectives outlined in the SWB Counternarcotics Strategy.

In addition to the SWB initiative, the Department is undertaking a number of steps to achieve the Secretary's objective of confronting organized crime along the U.S.-Mexico border. Under my direction, DHS has established a Border Enforcement Coordination Cell (BECC) at the El Paso Intelligence Center (EPIC) in Texas. Our objective in creating the BECC is to increase the effectiveness of interdiction operations by providing actionable intelligence to our law enforcement partners and agents. The keystone of the BECC's mission is timely and effective information sharing. EPIC provides infrastructure and resources to make this mission possible through the Homeland Intelligence Support Team (HIST). The HIST provides EPIC and other entities on the SWB with timely, tactical intelligence and information collection and requirements management, reporting, analysis, and production. The HIST pushes intelligence to SWB operators, provides daily coverage of noteworthy border threat activity, and serves as a key mechanism to share information with state, local, and tribal law enforcement entities along the SWB.

The BECC is overseen by a coordination board at Headquarters, consisting of the heads of major components within DHS—Acting Commissioner Jay Ahern from CBP, Assistant Secretary John Morton of ICE, as well as the heads of the Office of Operations Coordination and Planning, Intelligence and Analysis, Office of Policy, Intergovernmental Affairs, and the Office of State & Local Law Enforcement.

This coordination board has also undertaken a review of the Southwest Border Contingency plan developed under former Secretary Chertoff. Secretary Napolitano understands that any plan that outlines how DHS will respond to significant incidents along the border must be comprehensive and guided by clearly defined policies and protocols. CBP is currently reviewing the contingency plan to see how it corresponds to existing internal plans. DHS I&A is working to establish a set of "triggers" that would escalate or de-escalate the contingencies contained in the plan.

On June 4, 2009, the Secretary announced the creation of the Homeland Security Advisory Council (HSAC) SWB Task Force, a diverse group of border and national security experts charged with examining the Department's efforts at the U.S.-Mexico border and providing recommendations to the Secretary. The Task Force is chaired by

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former CIA and FBI Director Judge William Webster, and includes former border political and law enforcement leaders, including Sheriff Guadalupe Trevino of Hidalgo County, TX; James Jones, former U.S. Ambassador to Mexico; and Ray Borane, former Mayor of Douglas, AZ.

Border violence generated by the organized smuggling of drugs and aliens remains a serious issue that calls for substantial attention and response. In responding to this issue, it is important to differentiate among categories of violence in order to properly assess threat and design appropriate counter-measures. I attended the inaugural meeting of the taskforce at Sandia National Laboratories in Albuquerque, N.M., where the group stressed that despite the violence occurring in Mexico—among and between drug trafficking organizations and the GOM—U.S. cities along the SWB like El Paso and San Diego remain among the safest cities in America. The task force will present its initial recommendations to the Secretary regarding this topic as well as other matters at the next meeting of the SWB Task Force in August.

COOPERATION WITH THE GOVERNMENT OF MEXICO

On April 1, Secretary Napolitano traveled to Cuernavaca, Mexico with Attorney General Holder to attend a joint U.S.-Mexican conference on arms trafficking. At the conference, the Secretary and Attorney General discussed future joint efforts to prevent firearms from being smuggled from the United States into Mexico. Interagency collaboration and partnerships with Mexican agencies are part of a broader theme of co-responsibility that Attorney General Holder and Secretary Napolitano agree is central to our strategic effort to secure the SWB. Stopping the flow of firearms and bulk cash into Mexico is an important component of the larger strategy to secure our borders from the criminal organizations that use those resources to traffic contraband and perpetrate violence.

To that end, ICE and CBP have stepped up their efforts to interdict southbound smuggling, under DHS authority to enforce export provisions of the Arms Export Control Act (AECA) as specifically designated within 22 CFR 127.4 of the International Traffic in Arms Regulations (ITAR). ICE has intensively deployed resources for Operation Armas Cruzadas—a comprehensive and collaborative effort with the Government of Mexico to identify, disrupt, and dismantle the criminal networks whose livelihood relies on illicitly transporting arms across the border. Under Armas Cruzadas, ICE has implemented numerous activities that promote an intelligence-driven, systematic approach to arms trafficking investigations.

Operation Armas Cruzadas, combined with increased outbound seizures by CBP at the SWB since March, has resulted in 391 criminal arrests, 65 administrative arrests, and the seizure of approximately \$21 million in U.S. currency, 1,628 firearms and 189,446 rounds of ammunition.

Since the SWB announcement on March 24, ICE has established two BESTs in Las Cruces and Deming, New Mexico. More than a DHS program, BEST is a law

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enforcement model which recognizes that confronting the multifaceted threat of border violence requires sharing resources, information, and expertise. BESTs serve as a platform from which interagency—and international—partners can work together to address cross-border crime. The BESTs that exist on our land borders and in major maritime port cities incorporate personnel from ICE, CBP, DEA, ATF, the Federal Bureau of Investigation (FBI), USCG, and the U.S. Attorney's Office along with other key federal, state, local and foreign law enforcement agencies. The Mexican Secretaria de Seguridad Publica (SSP) currently participates in BESTs, and the GOM has agreed to provide representatives to every BEST team on the southwest border.

To further institutionalize the shared responsibility for border management between DHS and the GOM, on June 15th the Secretary signed a Letter of Intent with the Mexican Finance Secretary Agustin Carstens, committing to revise and improve the Declaration of Principles (DOP) and the Bilateral Strategic Plan (BSP). The DOP was originally signed by former Secretary Michael Chertoff and Secretary Carstens on June 8, 2007. This declaration directed DHS and the GOM to implement a Bilateral Strategic Plan between CBP, ICE, and Mexico Customs.

After the signing, the Secretary stated, “the U.S. is a full partner with Mexico and the Calderón administration as we satisfy our twin goals of a secure border and a resilient border that allows legitimate trade and commerce to pass but that keeps out drugs, that keeps out weapons, keeps out the cash that fuels these cartels and... makes certain that the border is safe and secure for those who live there.” A revised DOP and BSP provide the operational framework to make this full partnership possible via cooperation and capacity-building between DHS and Mexico’s border control agencies. CBP, ICE, and Mexico Customs are now working to revise the BSP in a way that invigorates security, enforcement at and between POEs, and emergency response.

The partnership between our border agencies and Mexico Customs is evidence of a historic shift occurring in the Mexican model of border management; a shift away from the traditional focuses of facilitation and revenue-generation towards one of enforcement at and between POEs. In February, Mexico Customs at the Matamoros border crossing introduced Aforos, an advanced Customs Control system that scans southbound passenger vehicles by profile, weight and license plate identification, storing vehicle data for future comparison. The system will give Mexico Customs targeting capabilities to effectively prevent the smuggling of firearms, drugs and bulk cash. When fully deployed to all Mexican land POEs, the system will require all southbound passenger vehicles at the U.S.-Mexico border—and northbound passenger vehicles at its southern border—to undergo an automated vehicle identification process. The system improves the effectiveness of inbound screening in three ways: it reduces the discretionary power of Mexican Customs Officers to waive inspections; allows better coordination with Mexican federal law enforcement agencies; and generates actionable intelligence. The GOM plans to have the Aforos system fully deployed to 20 locations by October 2009, and DHS will work with the GOM to discuss the possibility of sharing intelligence gleaned from the screening process.

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DHS believes that Mexico's increased emphasis on enforcement could very likely lead to violence at POEs, similar to the port running we have long encountered at our own ports. For this reason, DHS proposed the creation of Bi-national Port Security Committees within the framework of the BSP. These port committees, made up of CBP and Mexico Customs officials, will work jointly to respond to violent incidents that occur at POEs.

MÉRIDA INITIATIVE

The Mérida Initiative is the centerpiece of the U.S. Government's security cooperation with Mexico, representing a shared responsibility to eliminate the threat of organized crime that persists not just at the southwest border but throughout the region. The Mérida Initiative is a multiyear program providing assistance to Mexico and Central America in the form of equipment, training, and support for long-term reform that better equips Mexican law enforcement agencies to complete their missions. It is also the long-term vehicle for the capacity building required to expand cooperation between U.S. and Mexican law enforcement agencies.

While a significant amount of the Administration's energy has been focused on the initial work of establishing the bilateral and interagency infrastructure needed to transparently and efficiently implement this initiative, on the ground implementation of Merida programs has begun and is accelerating significantly. To date, \$347 million, or about 74 percent, of the total \$465 million in FY08 Merida funds have been obligated; and required Congressional notifications will soon be submitted in order to obligate FY09 funds.

I recently met with the Narcotics Affairs Section (NAS) at the U.S. Embassy in Mexico, where interagency working groups with representation from State, DOJ, DHS, and myriad others work with their GOM counterparts to determine how to best expend Mérida resources in accordance with our foreign policy and homeland security policy objectives. I came away impressed with these processes and, more importantly, with the high level of interagency cooperation at the Embassy level. I am confident that the right structures are in place to oversee the implementation of Merida programs.

It is important to ensure that DOJ, State, and DHS work cohesively to oversee Mérida at the federal level. I have met with my colleagues at DOS and DOJ—Assistant Secretary for Western Hemisphere Affairs (WHA) Tom Shannon, Deputy Assistant Secretary Roberta Jacobson, and Assistant Attorney General for DOJ's Criminal Division Lanny Breuer—to discuss the future of Mérida and how it relates to ongoing DHS initiatives. Additionally, the Secretary has asked me to be her representative on the Southwest Border-Mérida IPC, which provides a joint decisionmaking body for DOJ, DHS, and DOS leadership. The support provided by the Mérida Initiative will only become more important as we forge a deepening security partnership with Mexico, and it is our responsibility to oversee a program that works efficiently, transparently, and in support of our strategic goals in the region.

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FOR OFFICIAL USE ONLY**CONCLUSION**

The programs I have discussed today portray the extensive cooperation currently underway between DHS and our counterparts in State and local governments, the federal government, and the Government of Mexico. These initiatives are indicative of a deeper, institutional cooperation that is developing across the Department's broad mission set.

Secretary Napolitano has met with her Mexican counterparts, including Secretary of Gobernación (SEGOB) Fernando Gomez Mont, Ambassador Arturo Sarukhan, Attorney General (PGR) Eduardo Medina-Mora, Secretary of Public Safety (SSP) Genaro Garcia Luna, Director of CISEN Guillermo Valdés,, and Alfredo Gutierrez Ortiz-Mena of the Mexican Tax Administration. As a former Governor of Arizona, the Secretary is committed to ensuring that DHS does all it can to cooperate with Mexico in a lawful and appropriate manner against all common threats.

Taken together, all of these initiatives represent a remarkable step in cooperation with the Government of Mexico that was unthinkable ten years ago. DHS is proud to be part of this strategic partnership with our neighbor to the south. We share a responsibility and a commitment to assist Mexico in defeating the criminal elements that have undermined the rule of law, and to ensure that American citizens on our side of the border remain secure from violence generated by them.

Chairman Towns, Congressman Issa, and members of the Committee: Thank you again for this opportunity to testify. I am happy to answer any questions you may have.

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Chairman TOWNS. Thank you very much, Mr. Bersin, for your testimony.

We now will move to the question and answer period.

I have a broad question, I guess, for you, Mr. Breuer and Mr. Bersin. Are we winning the war against the Mexican drug cartels?

Mr. BREUER. Mr. Chairman, we are. That is not to say that we don't have much to do, but if you look at the work that has occurred with the cartels, Mr. Chairman, with respect to operations that we have, whether it is Operation Accelerator, Project Reckoning, where we have systematically gone, investigated, and prosecuted the cartels, we have extracted enormous blows against the Sinaloa Cartel, against the Gulf Cartel, we have higher levels of extraditions of drug kingpins than ever before. So we are making every effective strategy with respect to intelligence-based investigations and prosecutions.

That is not to suggest for a moment that we don't have more to do, but the battles among the cartels themselves are showing that the pressure that we are putting on them in unison and in alliance with President Calderon and his administration I think do demonstrate that we are being very effective.

Chairman TOWNS. Mr. Bersin.

Mr. BERSIN. Generally, Mr. Chairman, I agree with Mr. Breuer that this is a long-term struggle about reducing the power of the cartels on the government of Mexico and, therefore, turning it from what is currently a national security threat into a more conventional law enforcement or criminal justice problem. And measured by that standard, I think we have a ways to go, but I am in accord with Mr. Breuer, for the reasons he stated, that we are making progress and that it is measurable progress, and that we can in fact intensify what we are doing and that we can continue to see a weakening of the cartel power, which now is alarmingly high, as I said in my statement.

Chairman TOWNS. It has been indicated that the President is planning to send National Guard troops to the border. Of course, if we send National Guard troops to the border, who will be in charge of them?

Mr. BERSIN. Mr. Chairman, the decision whether or not to send National Guard in support of law enforcement at the United States-Mexican border, indeed, at any border, is a decision reserved exclusively for the President. Secretary Gates and Secretary Napolitano have been conferring and will be developing a recommendation that will be submitted to the President, but at end, Mr. Chairman, the mission of the decision is a function of Presidential decision, and I am confident that in due course that decision will be made one way or the other.

Chairman TOWNS. What are the implications for U.S. national security should the Calderon administration fail in its efforts to take on the Mexican drug cartels? What are the stakes for both Mexico and the United States? Mr. Breuer, you want to take it?

Mr. BREUER. Mr. Chairman, they are very, very significant. Certainly for Mexico, as Assistant Secretary Bersin said, they are confronting a national security tremendous challenge right now in their battle against the cartels. With respect to us right now, it is the equivalent of a major organized crime challenge. We cannot

permit President Calderon to fail. This may be a once in a generation opportunity, his courage and his willingness to take on the cartels. So the consequences are very extraordinary, and we need to deploy the appropriate resources and skill and collaboration to ensure that we do everything we can to support the President.

Chairman TOWNS. Mr. Bersin, I would like to hear from you on that as well.

Mr. BERSIN. I am in agreement with Secretary Napolitano, having heard her refer to this window of opportunity. To the extent that we are not able to weaken the influence of the cartels on the Mexican political system, we will continue to see a Mexico that is systematically corrupt in which decisions are not being made on the merits, but are rather being made because they are bought and paid for.

That kind of a narco-influenced political system south of the border presents a whole series of long-term security threats to Mexico, which is why it is so important that we use this window of opportunity with the Calderon administration to weaken the power of these criminal organizations, these smuggling organizations that do enormous damage to our society, but even more damage to Mexican society.

Chairman TOWNS. What would victory really look like? Let's go right down the line. What would it really look like, victory for us?

Mr. KERLIKOWSKA. One of the things that victory in Mexico would look like is certainly that President Calderon has, as we have in this country, a local law enforcement that is professional, highly trained, skilled, possesses the integrity to be responsive to the needs of protecting the people rather than the heavy use of the military in that country.

The other thing that I would look at in victory, too, is that, as has been remarked to me by representatives from the government of Mexico, and that is the increasing addiction population or size of the population involved in drug use. As all of the members, I believe, of the committee know, the traffickers often pay their couriers in product rather than in currency. Well, then you are building up a new clientele base. We in the United States have to be willing, and have already looked at providing resources that work toward the prevention end of drug use in that country, but also the treatment end, and those are other parts that we hope to play.

Chairman TOWNS. I yield to the gentleman from California, Congressman Issa.

Mr. ISSA. Thank you, Mr. Chairman.

Mr. Bersin, during your tenure as U.S. attorney, you were quite well known for going after the coyotes, literally stopping those who traffic in human beings; and along the way you did an awful lot of drug charges that they were involved in and the mules they carried. Can you give us your opinion of current law, particularly 1326, 1324, some of the penalties that you have—let me rephrase that, that the U.S. attorney at the border areas have as tools today, and are they sufficient?

Mr. BERSIN. Mr. Issa, you raise an important point, particularly in this era in which the sharp division that used to exist between alien smuggling organizations and drug smuggling organizations has been blurred, in part by the efforts Mr. Breuer described, the

pressure being brought on the cartels by U.S. enforcement, but, importantly, by Mexican enforcement, but also by the recessionary economy.

So we begin to see a blurring of those lines, and I believe, certainly speaking from the perspective of 10 years ago, the series of statutes available to prosecutors—and I will defer immediately to Mr. Breuer, since I wear proudly a former hat as a prosecutor—but as an enforcement official, I would say that 1326 and 1325, which, of course, is a misdemeanor, work well. 1324, which is the penalties for alien smugglers, is something that, 10 years, was believed to require review, and I submit, regardless of how we come out on it, it could stand a further review at this point.

Mr. ISSA. Mr. Breuer, basically what I am trying to get to is we have had a challenge at the border that I have observed, which is that the first several times that you catch a trafficker, he gets treated almost as an amateur, like he just happened to be stumbling over the border by mistake; it is 60 days and out, time served. The second time isn't much more. And we have had cases of dozens and dozens of times in which we cannot get, sometimes because of statute, we can't get the kind of enforcement.

All three of you, do you believe that the Congress should be looking into giving you, as prosecutors, and the courts, in their determination, at least a greater ability to have the lower limits raised and/or give them the ability to have tougher sentences even on the first or second time that you catch a trafficker, regardless of whether you can actually catch him with the drugs?

Mr. BREUER. Thank you, Congressman. I definitely think it is an issue that needs to be explored. I think what we need to do is we need to give the tools particularly to our U.S. attorneys such as what Secretary Bersin was when he was the remarkably effective U.S. attorney in San Diego. I think we need to give our U.S. attorneys, particularly in the southwest border States, the discretion and the tools so that they can effectively and comprehensively deal with the issue.

But I don't think, candidly, that there is one size fits all, and I think we have to give our U.S. attorneys in those areas the discretion to prioritize, because, if we are going to charge under one aspect of the law such as this, we have to then ensure that we have appropriate facilities, whether it is prison facilities and other facilities—

Mr. ISSA. Well, let me go back through that.

Mr. BREUER. Sure.

Mr. ISSA. California has tens of thousands of people who are petty criminals and illegal aliens. Are you saying that if we wanted to incarcerate every coyote, every person who is trafficking either in drugs or in human beings, that you don't have the capacity today to incarcerate every single one of those people for a significant period of time?

Mr. BREUER. I think that there would be terrific challenges, Congressman. I think that to have the appropriate facilities and infrastructure to do that would require a lot. And more to the point, as we look at this comprehensive approach, what we really want to do is give our U.S. attorneys the tools so that we can most effectively dismantle the very cartels that you are talking about.

Mr. ISSA. Well, the only tool a prosecutor really has is the ability to incarcerate. Any tool short of that is an alternate. In other words, if you turn on the rest of your cartel, we will not lock you up for 10 years. That is a powerful tool. If you turn on your cartel or you are going to spend 60 days in the hoosegow, somehow I don't think that is a powerful tool.

So the reason I am asking for this is threefold. First of all, should we have it? I think Mr. Bersin was more tending to say he wouldn't mind having the stronger tools at his disposal and at the judges' disposal to use that as a tool in order to get cooperation and, in many cases, incarceration. But the bigger question for us up here is are we clogging the system with not having comprehensive immigration reform, with not having relations with Mexico that allows us to return more of their citizens sooner with a full faith belief that they will incarcerate them?

So although my time has expired and I have to be sensitive to the limited time, I would like it if you would look at it from that standpoint, because we are the Committee on Oversight and Government Reform, and we are the first stop in are there tools you don't have, either north or south of the border, that we could begin shedding light on.

Mr. BREUER. Congressman, I think you have identified exactly, in a very eloquent way, the issue. We absolutely, as a component of this, ought to have comprehensive immigration reform. There is just absolutely no question. Second, in our building of our relationships with the Mexican government and President Calderon, a very effective tool, of course, is that we, in certain circumstances, do want to be able to return people to Mexico and know and have confidence that the Mexican government is going to treat them appropriately. So absolutely those are parts of the puzzle.

Chairman TOWNS. Thank you very much.

I now yield to the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you, Mr. Chairman.

Gentlemen, do we fully appreciate the amount of corruption and the depth of the corruption that is involved? With the large amount of money that is indicated that is involved with this that is going into Mexico and the reports that we see about corruption in the police departments, corruption in the military, corruption in the judicial system, what can we do about that? What are we doing about it? And what confidence do you have that we are going to get a grip on that? Because without taking the profit out of this thing and deal with that money, we are just spinning our wheels, right?

Mr. BREUER. Congressman, it is an enormous challenge, you are absolutely right. One of the effective tools that we do have and that we hope to do more of is our ability through Merida and other initiatives to work with and train law enforcement in Mexico. We are making great strides with respect to training vetted units, units that we have a lot of confidence in are in fact not subject to bribery, whether it is because, to be vetted, they are subject to polygraphs and a kind of background review—

Mr. TIERNEY. Do you mind if I interrupt you for a second? You are talking about the military as opposed to police there?

Mr. BREUER. No, I am talking about the police as well. I am talking about the police.

Mr. TIERNEY. You would agree there is a significant amount of fear amongst police officers right there now? No matter how much you train them and how much you give them the pay, sometimes either going away or taking the money is a lot better alternative than having your family violated or be killed yourself.

Mr. BREUER. And that is why it is such an enormous challenge. But there are many courageous law enforcement units in Mexico and these vetted units are a good representation of them.

Mr. TIERNEY. Doubtless there are a lot of courageous people there, but don't we have to do something about the money, about the cash? I mean, if we stop the profit, we stop the cash, we are a long way along, I would think. So tell me what are your thoughts about the importance of disrupting the cartels' drug activity by seizing their money and what are we going to do to do that?

Mr. BREUER. Well, you are right, and I will defer to my colleagues here as well, but, of course, what we are doing is, from the law enforcement point of view and, of course, at the Justice Department we have unparalleled levels of forfeiture and seizure of the profits and the money and the possessions of the cartel members. Frankly, one of our training programs is to teach and incorporate, even in Mexico, the same concept of forfeiture and seizure of their assets.

Mr. TIERNEY. But don't we have to do that further back the line?

Mr. Bersin, don't you agree?

Mr. BERSIN. Absolutely. Congressman, one of the changes that has taken place recently is the frank acknowledgment on our end of the bargain that the consumption of drugs in this country that generates through trafficking organizations the kinds of sums of money that have corrupted Mexican politics and its legal system is something that will continue until we get a better handle on reducing the demand.

Mr. TIERNEY. So how are we going to get that money further up the chain while it is in the United States, before it goes south?

Mr. BERSIN. With regard to the drug demand reduction, the Southwest Border Strategy that was unveiled by the AG, by Director Kerlikowske and the Secretary, place a heavy emphasis on that and it does so on the border.

Mr. TIERNEY. I see that, but there is still, at least in the interim, until we all manage to have a heavy effort on that, is going to be that cash.

Mr. BERSIN. The cash going south is again another departure that has been made by Secretary Napolitano, having CBP and the Border Patrol, as well as field office, pay attention to that, so that, for the first time, while we had them in the past, we have systematic checks going southbound. And this is a project that is very much geared to cooperating with Mexico as it builds up its enforcement capacity, again, for the first time—

Mr. TIERNEY. I guess part of my concern is that a couple months ago you had sporadic checks going southbound—I think much too sporadic to be very effective—and we may not have the infrastructure there to really be effective on that. So, again, what are you going to do about the infrastructure there to make sure that we have a southbound steady impact on that and then further back the line? Because by the time it gets to the border, with the tun-

nels—that I hope to get to in a moment—things of that nature, it may be too late.

Mr. BERSIN. Congressman, you are right that it wasn't until mid-April, when the Secretary changed the policy, that we went from very sporadic checks to systematic checks from Brownsville to San Diego. We need to continue to assess the effectiveness of that and particularly to see this as a bridge to Mexican capacity to conduct its inspections, which it is now building up, again, from Matamoros on the east to Tijuana on the west.

We need to assess that. Whether or not we should be making a major investment in infrastructure to have two southbound checks, one United States and one Mexican, is one that certainly is on the table, but I think we need to learn a lot more about the response to this action.

Mr. TIERNEY. Is there anything in the plan about coming further back to the chain before things get to the Southwest Border?

Mr. BERSIN. No question.

Mr. TIERNEY. What aggressively are we going to do with that?

Mr. KERLIKOWSKE. There is a lot of progress. There are a couple of things that are being done besides those increased searches at the border. They are using local law enforcement to help with that, so in Seattle we sent officers trained with canines, along with the Sheriff's Department and others, at the request of the Federal Government. All of these local law enforcement agencies across the country are more than willing to do their part to help. That is only one part.

The other, the High Intensity Drug Trafficking Areas, they are in 28 places around the United States. Their mission is to disrupt and dismantle those drug trafficking organizations. Often, they have the routes in Mexico. They not only seize the drugs, make the arrests, work with Federal prosecutors or local prosecutors, but they also go after the funds and the money. So you are not just stopping the bulk cash at border, you are stopping the bulk cash in Seattle and California and other places. And there is progress; there is more training being done on that.

In Treasury, FinCEN is working very hard under the new credit card act to develop ways of looking at the use of just a card that is going to carry thousands of dollars of cash. There is a lot more to be done, but there is a lot of progress on that front. Choking off the money is the key.

Mr. TIERNEY. Thank you, Mr. Chairman.

Chairman TOWNS. Gentleman from Illinois, Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Gentlemen, I know the issue of the National Guard was raised broadly earlier. Is it accurate there are about 500 National Guardsmen on the Southwest Border as we speak?

Mr. BERSIN. There are a complement of National Guard that have been engaged in an ongoing project that has been in existence for more than two decades in support of law enforcement activities, and I believe that number is one that I need to confirm. I do know that most of the Guardsmen are actually away from the border, engaged in intelligence, analytical activities, and the like. But I need to confirm whether it is 400 or some smaller number that are actually physically on the border today.

Mr. QUIGLEY. Well, two followups. The first would be the activities that they are completing as you talk about, do they relate to these drug cartel activities?

Mr. BERSIN. The counterdrug program that has been in existence for two decades, and that I am very familiar with from my time as a prosecutor in the 1990's, is definitely counterdrug in nature. That is the basis that Congress has authorized the activity and these are activities that involve supporting law enforcement in a variety of ways that are consistent with the division between law enforcement and the military that served this country well over the years.

Mr. QUIGLEY. You have probably read about the press accounts that discussed the possibility of the administration increasing this number of National Guardsmen, perhaps to another 1500. Is that your understanding or is that still in the planning stages?

Mr. BERSIN. This is all in the discussion stage, as I indicated, Congressman, between Secretary Napolitano, Secretary Gates. Together, they intend to make a joint recommendation to the President, who retains and will make the final decision.

Mr. QUIGLEY. OK. And excuse me if this has been discussed, because we are between votes in two committees here, but we have had in previous hearings such as this discussions about the conflicts between DEA and ICE, and I understand there has been an agreement that was signed on this. What exactly was the problem and how does this solve it, and do you sense that it is solving that issue?

Mr. BREUER. Well, what it shows, Congressman, is the issue with ICE and DEA, they just entered into a Memorandum of Understanding. I think it is fair to say that there is a remarkable commitment to work together and that they in fact have been working well together, but now what happens is that ICE and DEA can work together.

ICE agents can be designated to pursue drug-related crimes that are border related, but they can do that throughout the country; and, very importantly, the information that ICE gathers in its investigations can be shared in one of our remarkable data fusion centers so that all of the information from ICE and DEA and other law enforcement is shared together, so it comprehensively and effectively can be used to go after the cartels.

Mr. QUIGLEY. And there is perhaps an information loop that will follow back to make sure that continues to be the case?

Mr. BREUER. There is, and there is a very great commitment by DEA and ICE, Homeland Security, and the Department of Justice to ensure that will happen, and I am quite confident it will.

Mr. BERSIN. Congressman, on the second panel you will have a working agent from Immigration Customs Information from DHS who I think will speak very directly to your inquiry.

Mr. BREUER. And Assistant Director Placido from the DEA can as well, Congressman.

Mr. QUIGLEY. Time permitting, I guess, the third point being we often hear this figure that 90 percent of the guns confiscated in this conflict come from the United States. Given that we are not necessarily tracing all those guns, perhaps a fraction of them, how are we determining that figure?

Mr. BREUER. Well, I think, Congressman, the precise number may be a little bit hard to identify. Of course, you are absolutely right, of those guns recovered for which one can trace them, I think that number that you have identified is the number that has been said, and I think that is right. I think the larger issue is that it is inescapable that a very large percentage of the guns that are in Mexico today do in fact come from the United States, and as we together are joining with our friends in Mexico to combat the battle, that is one of the issues that we all have to confront here ourselves.

Mr. QUIGLEY. Why aren't more guns traced? Is it just because some of them are untraceable or just the volume makes it difficult for ATF to trace?

Mr. BREUER. Well, Congressman, what may work is in the second panel, Billy Hoover of ATF is here. He can, in a much more cogent manner than I, explain some of the intricacies there. But, of course, when possible, a good number of them have been traced. But I think he will be in a better position than I to tell you some of the challenges that ATF has found.

Mr. QUIGLEY. And I appreciate that. We will have a second panel.

Mr. Chairman, just in closing, I suppose it would be easier to control that if we continue what the Clinton administration did, which was a ban on semiautomatic weapons. It is a lot easier to control them if they are not being sold.

Chairman TOWNS. The gentleman's time has expired.

The gentlewoman from Washington, DC.

Ms. NORTON. Well, I would like to pick up where the gentleman left off. I was, frankly, embarrassed by the performance of our country when the terrible episodes of armed conflict some thought might even bring down the Government. It may have been somewhat exaggerated.

Here was the President trying to fight the gun cartels, and guess who was supplying the guns? And turns out not only are we not configured to find these guns, even with the most elementary inspection capacity, but keystone cop fashion, when we did some sporadic outbound inspections, they just looked at where you were doing them and got their guns out anyway.

The notion that this country would have been so central to the supply of guns, which were in such plentiful supply that it was like an army that the Government itself was up against, not just a bunch of thugs. They had so much weaponry. So we know we are not doing much once you get guns. We know it doesn't take much to get them to Mexico.

I am far more interested in how these thugs so easily pick up guns in this country and these guns are being sold. Assistant Secretary Breuer, how you could pick up a large cache of guns, equip yourself as if you were an army with such force that the Government, for a while there, was essentially fighting an internal army supplied in no small part by the United States of America.

Now, where do these guns come from? How are they able to pick them up in such large numbers? How are they able to get out what amounts to enough guns to arm a virtual small army, many of them from the United States? And regardless of the figures and the

notion that, well, a lot of them came from X, Y, or Z, you know exactly where they came from, Mr. Breuer.

And while you may not be able to trace them, you have law enforcement jurisdiction in the United States of America, and why are you not keeping these guns from being either bought or otherwise in such large numbers so that they now arm a small army in another country? It is extremely embarrassing. Mexico has been, I think, very kind to us.

I would have been very, very angry at the big kahuna in the north that was essentially shipping down arms to kill my people while they won't do anything about its own assault weapon ban, while nobody in your administration even spoke out about illegal guns and the proliferation of guns in our country, except the Attorney General did say something about it. So it looks like all you have to do is get some guns and you will get them across the border very easily, and nobody in the United States is doing very much to keep thugs from acquiring those guns in the first place.

I am interested in this country, what you are doing here, before you get to the border.

Mr. BREUER. Well, Congresswoman, I share your concern. I want to begin by saying that there are people who are working very hard. Our ATF agents are doing an extraordinary job with their resources, Congresswoman.

Ms. NORTON. What are they doing? Who is selling the guns? Who is selling the guns, sir? Where are the guns coming from?

Mr. BREUER. Well, I think they are coming from a lot of places, Congresswoman. I think they are coming from licensed firearm dealers, where you have straw purchasers. The power of these cartels is extraordinary and, as you know, their reach is great. So we have to dismantle those cartels. But some are coming from licensed firearm dealers some on the Southwest Border—

Ms. NORTON. Is there nothing you can do about those coming from licensed—

Mr. BREUER. Well, our ATF agents are doing a lot, but they have limited resources, Congresswoman.

Ms. NORTON. What are they doing?

Mr. BREUER. What are they doing? They are going to these licensees; they are doing inspections.

Ms. NORTON. Are they doing any undercover work?

Mr. BREUER. Yes, they are, Congresswoman, they are doing a lot, and they are sharing it with lots of agencies. So it is not fair to be critical of our agents. With the resources that they have, they are doing extraordinary jobs and every day they are serving the American people well.

Ms. NORTON. I am critical of your leadership, sir. I don't know about your agents. I love the ATF.

Mr. BREUER. Well, Congresswoman—

Ms. NORTON. I am talking about what it takes to dismantle the gun cartel in this country that is not only enabling, but making possible—

Chairman TOWNS. The gentlewoman's time has expired.

Let me first thank you for your testimony and again apologize for the delay. We will hold the record open. If you can get some information for us. The arrest rate seems to be very aggressive in terms

of what is happening in Mexico, but could you get us some information on the convictions? It is one thing to make a lot of arrests, but I want to know if we can get some information in terms of the percentage in terms of convictions, we would appreciate it. We will hold the record open for it.

Mr. BREUER. Absolutely.

Chairman TOWNS. That is a good point, too. Lengths of sentences as well. Yes, that is a good point.

So we will hold the record open for that information. Thank you very, very much.

Mr. BREUER. Thank you very much.

Chairman TOWNS. Now we will bring up our second panel: Mr. Anthony P. Placido, Mr. Kumar Kibble, Mr. Todd Owen, Mr. William Hoover, and Mr. Robert McBrien.

[Pause.]

Chairman TOWNS. Would you please rise so I can swear you in?

[Witnesses sworn.]

Chairman TOWNS. Let the record reflect that they all answered in the affirmative.

Let me introduce our second panel of witnesses.

Anthony P. Placido is the Assistant Administrator for Intelligence Drug Enforcement Administration, U.S. Department of Justice, welcome; Mr. Kumar Kibble, Deputy Director of the Office of Investigations, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, welcome; Mr. Todd Owen, Acting Deputy Assistant Commissioner, Office of Field Operations, U.S. Customs and Border Protection, U.S. Department of Homeland Security; Mr. William Hoover, Assistant Director of Field Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, U.S. Department of Justice; and Mr. J. Robert McBrien, Associate Director of Investigations and Enforcement, Office of Foreign Assets Control, Department of the Treasury.

Gentlemen, it is our committee policy, of course, that 5 minutes for your presentation and then you allow us an opportunity to raise questions with you. So why don't we just go right down the line. I guess, Mr. Owen, you first, and then just go right down the line that way, make it a lot easier.

STATEMENTS OF TODD OWEN, ACTING DEPUTY ASSISTANT COMMISSIONER, OFFICE OF FIELD OPERATIONS, U.S. CUSTOMS AND BORDER PROTECTION, U.S. DEPARTMENT OF HOMELAND SECURITY; KUMAR KIBBLE, DEPUTY DIRECTOR, OFFICE OF INVESTIGATIONS, U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT, U.S. DEPARTMENT OF HOMELAND SECURITY; ANTHONY P. PLACIDO, ASSISTANT ADMINISTRATOR FOR INTELLIGENCE, DRUG ENFORCEMENT ADMINISTRATION; WILLIAM HOOVER, ASSISTANT DIRECTOR FOR FIELD OPERATIONS, BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES, U.S. DEPARTMENT OF JUSTICE; AND J. ROBERT McBRIEN, ASSOCIATE DIRECTOR FOR INVESTIGATIONS AND ENFORCEMENT, OFFICE OF FOREIGN ASSETS CONTROL, U.S. DEPARTMENT OF TREASURY

STATEMENT OF TODD OWEN

Mr. OWEN. Good afternoon, Chairman Towns, Ranking Member Issa, distinguished members of the committee. Good afternoon. Thank you for the opportunity to be here today to discuss the efforts that U.S. Customs and Border Protection is undertaking to secure our Nation. I am pleased to be here with my colleagues from ICE, DEA, ATF, and OFAC.

I would also like to express my gratitude to the Congress for its continued support of the mission and people of CBP. Among the numerous priorities that were recognized in the American Recovery and Reinvestment Act of 2009, Congress provided CBP with \$680 million for greatly needed improvements to our aging infrastructure at our ports of entry, to enhance our tactical communications equipment, and upgrade our non-intrusive inspection technologies. This funding will allow CBP to more efficiently meet our twin goals of border security and facilitation.

CBP has taken significant steps to protect Americans from the many threats that face our Nation. This afternoon, I would like to focus my remarks on the violence along the Southwest Border, particularly in regards to the outbound enforcement activities occurring at the ports of entry.

The campaign of violence being waged by drug cartels in Mexico remains a major concern. Illegal drugs, money, and weapons flow both ways across our border and link the United States and Mexico in this battle. In response to this threat, the Department of Homeland Security has implemented a Southwest Border Security Strategy and CBP's Office of Field Operations is responsible for implementing this strategy at our ports of entry.

We in CBP Field Operations have taken significant action on the Southwest Border, having enhanced our outbound enforcement efforts through the deployment of additional manpower, equipment, and technology. On a regular and recurring basis, teams of CBP officers, CBP border patrol agents, special agents from ICE and other Federal agencies, along with our State and local law enforcement partners, are now conducting outbound inspections at our ports of entry with a focus on interdicting firearms and currency heading into Mexico.

CBP's mobile response teams are also quickly utilized to shift personnel between the ports of entry to further disrupt outbound

smuggling efforts. These personnel are supported by non-intrusive inspection equipment which allows us to quickly scan a conveyance for the presence of anomalies, anomalies which may indicate contraband of some sort.

CBP Field Operations currently deploys 227 large-scale inspection systems to our ports of entry, 91 of which are along the Southwest Border. Many of these systems are mobile, which can and are being used in our outbound interdiction efforts as well. And CBP is again grateful for the \$100 million in stimulus funding which will allow us to upgrade our NII systems.

We are also deploying dual detection canines, which are trained to detect both currency and firearms. We are adding additional canine assets to the Southwest Border throughout the summer as these teams come out from the academy in Front Royal, VA, and these detection tools will again allow our officers to quickly scan the southbound traffic looking for bulk cash, currency, and firearms.

We are seeing the success of these increased outbound interdiction efforts. Since CBP began these initiatives with our partners on March 12th, we have seized more than \$15.8 million in illicit currency destined for Mexico. We are also pursuing activities which increase support and collaboration with our Mexican counterpart. At United States and Mexican border crossings, joint operations with Mexican Customs have begun and more are planned in an effort to better coordinate the inspection of travelers and cargo leaving the United States heading into Mexico.

Chairman Towns, Ranking Member Issa, members of the committee, thank you for your support that CBP has had in meeting many of our border security responsibilities. I thank you for the opportunity to be here this afternoon and would be happy to address any of your questions.

[The prepared statement of Mr. Owen follows:]

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TESTIMONY OF

**TODD OWEN
ACTING DEPUTY ASSISTANT COMMISSIONER
OFFICE OF FIELD OPERATIONS**

**U.S. CUSTOMS AND BORDER PROTECTION
DEPARTMENT OF HOMELAND SECURITY**

BEFORE

HOUSE OVERSIGHT AND GOVERNMENT REFORM COMMITTEE

**July 9, 2009
Washington, DC**

Chairman Towns, Congressman Issa, esteemed Members of the Committee, it is a privilege and an honor to appear before you today to discuss the work of U.S. Customs and Border Protection (CBP), particularly the tremendous dedication of our men and women in the field both at and between our ports of entry.

I want to begin by expressing my continuing gratitude to Congress for its enduring support for the mission and people of CBP. It is clear that the Congress is committed to providing us the resources we need in order to increase and maintain the security of our borders. We appreciate your efforts and assistance.

I would also like to thank you for your support for provisions in the American Recovery and Reinvestment Act of 2009, which provided \$680 million to CBP for greatly needed improvements to our aging infrastructure, and for the addition of new technology at our nation's borders. These funds will support planning, management, design, alteration, and construction of CBP-owned land ports of entry; procurement and deployment of non-intrusive inspection system; expedited development and deployment of border security technology on the southwest border; and for the procurement and deployment of tactical communications equipment. In addition, the bill included \$300 million for the construction and repair of land ports of entry owned by the General Services Administration (GSA). Secretary Napolitano has made clear that we are to move swiftly and with great transparency as we put these investments to use.

CBP is the largest uniformed, Federal law enforcement agency in the country. We station over 20,000 CBP officers at access points around the Nation, including at air, land, and sea ports. As of mid-June, we have deployed over 19,300 Border Patrol agents between the ports of entry. These forces are supplemented with 1,058 Air and Marine agents, 2,318 agricultural specialists, and other professionals. These personnel are key players to the implementation of Secretary Napolitano's Southwest Border Security Initiative.

I am pleased to report that CBP continues to perform all of our missions successfully, which include stemming the flow of illegal drugs and contraband, protecting our agricultural and economic interests from harmful pests and diseases, protecting American businesses from theft of their intellectual property, enforcing textile agreements, tracking import safety violations, regulating and facilitating international trade, collecting import duties, facilitating legitimate travel, and enforcing United States trade laws. CBP facilitates lawful immigration, welcoming visitors and new immigrants while making certain those entering this country are indeed admissible, and taking appropriate action when an individual fears being persecuted or tortured if returned to their home country. At the same time, our employees maintain a vigilant watch for terrorist threats. In FY 2008, CBP processed more than 396 million pedestrians and passengers, 122 million conveyances, 29 million trade entries, examined 5.6 million sea, rail, and truck containers, performed over 25 million agriculture inspections, apprehended over 720 thousand illegal aliens between our ports of entry, encountered over 220 thousand inadmissible aliens at the ports of entry, and seized more than 2.8 million pounds of illegal drugs.

We must perform our important security and trade enforcement work without stifling the flow of legitimate trade and travel that is so important to our Nation's economy. These are our twin goals: border security and facilitation of legitimate trade and travel.

Border Security Between the Ports of Entry

The primary goal of our strategy between the ports of entry is to gain effective control of our Nation's borders. Effective control is achieved when a Chief Patrol Agent determines that agents deployed in a given area consistently: detect illegal entries into the United States, assess and classify any threats associated with the illegal entries, respond to the area, and bring the situation to a successful law enforcement resolution.

During Secretary Napolitano's congressional hearing a few weeks ago, she explained the importance of having a border security strategy that incorporates the elements of effective control. CBP establishes effective control through a balanced combination of technology, personnel, and tactical infrastructure allowing Border Patrol agents to confront the criminal element. Secretary Napolitano often refers to this strategy as the "three-legged stool." One of these legs cannot provide effective control by itself. The mix of these three elements will vary depending on the challenges of the focus area. Technology allows us to detect the entries and to assess and classify the threat. Personnel provide the response to confront the criminal element. Tactical infrastructure supports the response by either providing access or extending the time needed for the response by deterring or slowing the criminal element's ability to easily cross the border and escape.

As of May 31, 2009, we have determined that 894 miles of border are under effective control. This includes 697 miles along the southwest border, 32 along the northern border and 165 in the coastal regions. Across the southwest border, we have made significant strides in increasing our situational awareness and tactical advantage over those seeking to violate our laws. With increased situational awareness, we can better understand where we have the highest threats and vulnerabilities, and assess where we need to apply our resources. Situational awareness also enables our agents to perform their jobs more safely and more effectively. This is especially critical during times such as these where we are experiencing higher levels of violence at our Nation's borders.

Between the ports of entry, the Border Patrol Sector Chiefs are the field commanders, and CBP personnel involved in border security include Border Patrol Agents and Air and Marine Interdiction Agents. Personnel in adequate numbers are highly effective resources. They can observe and therefore provide for the type of situational awareness that is necessary for effective control. Unique among the elements of the three-legged stool, personnel also have the capacity to respond. Personnel are highly effective and flexible, but the number of personnel required to perform the entire border security mission would be prohibitive if they were not properly augmented by tactical infrastructure and technology.

Tactical infrastructure includes – among other things – pedestrian fence, vehicle fence, roads, and lighting. Tactical infrastructure supports CBP's ability to respond in several ways. Fence, for example, is a fixed resource that provides a constant and continuous effect. I wish to be very clear – fence alone does not and cannot provide effective control of the border. It does, however, deter and delay illicit cross-border incursions. This continuous and constant ability to deter or delay is what we refer to as "persistent impedance." There are areas of the border where

we have concluded that we must have persistent impedance in order to achieve effective control, because we must at least delay attempted illicit incursions. These delays buy time for our agents to respond. This is critical in areas near cities, for example, where illicit border crossers can easily blend into the population before we interdict them. It is also critical in areas where vehicles reach nearby roads faster than we could respond without persistent impedance.

Technology is an important leg of the stool. Although some refer to technology as a “virtual fence,” technology does not have the persistent impedance capability of a real fence. It does, however, provide timely and accurate information that physical infrastructure could not. Between the ports of entry, technology includes sensors, command and control systems, and communications. Technology is a powerful force multiplier because it has tremendous capability to provide the situational awareness that is a precursor to effective control. Sensors can “watch” the border continuously, guided by appropriate command and control systems. These command and control systems can also help sort the data coming from the sensors so that our agents have very quick access to the most critical information. Technology also supports response capability. With accurate information to identify and classify illicit incursions, agents have many more options about how and when they will respond to the incursion. Improved communications capability also supports response by ensuring our agents will be properly directed and coordinated.

Over the past year, we have made significant strides in strengthening all three legs of our stool. As of mid-May, we had 19,065 Border Patrol Agents on-board. Of the 661 miles of southwest border identified by CBP as requiring persistent impedance, fencing has been constructed along 627 miles (as of May 22nd). Most of the remaining mileage is under construction and will be complete this summer. With respect to technology, we have purchased 40 mobile surveillance systems (MSSs) and deployed them to the northern and southwestern borders. These MSSs provide a flexible solution to give our operators radar and camera coverage in high priority areas, and serve as a gap-filler while we develop and deploy more permanent technology solutions. Later in the testimony, I will provide additional detail about our vision for those more permanent solutions.

The northern border of the United States continues to be important to our national security. In fact, one of the first directives that Secretary Napolitano issued shortly after being confirmed was to review our strategies, plans and operational capabilities along the northern border. As we have designed programs to afford greater protection against the entry of dangerous goods and people at all our borders, we have also focused increased attention on specific needs along the Canadian border.

For instance, the Integrated Border Enforcement Team (IBET) program, encompassing 15 regions along the northern border, is a multi-faceted law enforcement initiative comprised of both Canadian and American partners. The IBET core agencies include CBP, the U.S. Coast Guard (USCG), Immigration and Customs Enforcement (ICE), the Canada Border Services Agency (CBSA), and the Royal Canadian Mounted Police (RCMP). This longstanding, bi-national partnership has enabled the participating law enforcement partners to share information and work together daily with other local, State, and provincial enforcement agencies on issues

related to smuggling, organized crime, the vulnerabilities associated with unguarded roads, and other criminal activities along the U.S.-Canada border at and between the ports of entry.

In addition, DHS developed the Border Enforcement Security Task force (BEST) concept to coordinate the efforts of ICE, CBP, and DHS intelligence personnel working cooperatively with foreign, Federal, State, and local law enforcement agencies to take a comprehensive approach to disrupt and dismantle criminal organizations. In early 2008, the first northern border BESTs initiated operations in Blaine, Washington and Buffalo, New York. The BESTs complement and increase the effectiveness of the IBETs by augmenting their investigative capability.

We have also increased the number of Border Patrol agents deployed to the northern border. Our plans call for 1,845 agents by the end of this year, and 2,212 by the end of next year. Our Air and Marine organization has deployed significant resources to the northern border, including the recent deployment of an Unmanned Aerial System (UAS) based in Grand Forks. The DHS Science and Technology Directorate has a number of research projects designed to evaluate technology opportunities tailored to the northern border environment that will advise our plans in the future. Our Secure Border Initiative (SBI) program began implementing a measured deployment of fixed and mobile sensors in our Buffalo, Detroit, and Swanton sectors starting this spring.

Travel Facilitation at the Ports of Entry

CBP welcomes nearly 400 million travelers into the United States annually. While security will always be a primary mission — we also continue to strive to make the process of entering the U.S. more streamlined, user-friendly and understandable.

In past hearings, we have highlighted our initiatives to streamline the processing of travelers through our land ports of entry and to extend security beyond our physical borders. Those efforts continue and will continue for the future. CBP implemented the Western Hemisphere Travel Initiative (WHTI) secure document requirements at land and seaports on June 1, 2009, on time and on budget. All the project pieces were carefully planned and executed in advance — Radio Frequency Identification (RFID) enabled documents, new software technology for the vehicle primary lanes, and the RFID physical infrastructure at our high volume land ports. CBP continues to remain practical and flexible in our implementation approach of the WHTI documentary requirements.

Efficient and effective land border primary operations require a well-integrated strategy and as well as synchronized and coordinated technologies, processes, and infrastructure. Building upon the initial success of the WHTI deployment, CBP has identified other critical process areas to integrate, facilitate, and enhance border security such as our commercial-passenger dual use lanes, pedestrian processing, and traffic management strategies.

We are continuing to enhance and expand our trusted traveler programs, which expedite the processing of known, low-risk travelers so that we can better focus our attention on higher-risk, unknown travelers. Global Entry is another program to expedite processing of low-risk

travelers—in this case, United States citizens and Lawful Permanent Residents. This program is a pilot that we are testing in select airports. It provides automated kiosks to validate identification by matching travel documents with biometrics.

The Importer Security Filing interim final rule, also known as “10+2”, went into effect earlier this year and has already yielded some promising results. This program will provide CBP timely information about cargo shipments that will enhance our ability to detect and interdict high risk shipments. Comments on aspects of this rule were accepted until June 1, 2009, and implementation using informed compliance will continue until January of next year. This initiative will augment CBP’s efforts to review 100 percent of all cargo before it arrives in the United States using advanced cargo data, automated targeting and risk assessment systems, intelligence, and cutting edge inspection technologies such as large scale X-ray, gamma ray machines, and radiation detection devices. Shipments determined by CBP to be high risk are examined either overseas as part of our Container Security Initiative or upon arrival at a U.S. port. Additionally, over 98% of all arriving maritime containerized cargo is presently scanned for radiation through radiation portal monitors.

The infrastructure and facilities supporting many of our ports of entry are outdated and aging. As mentioned earlier, the commitment within the American Recovery and Reinvestment Act by President Obama, Secretary Napolitano, and Congress to enhance and improve the ports of entry is an important step to overhauling CBP’s infrastructure. We believe these funds will allow us to accelerate our upgrades, which will in turn increase our quality of service, throughput, and overall performance at the ports.

Technology is also a key enabler for our operations at the ports of entry. A key focus is on the area of Non-Intrusive Inspection. The ability to non-intrusively screen and examine cargo and conveyances will allow us to interdict weapons of mass effect and other contraband more effectively while facilitating the flow of legitimate trade and travel.

Southwest Border Security Initiatives

DHS continues to address drug trafficker violence through targeted initiatives and adept coordination with U.S. Federal, state, local, tribal, and Mexican authorities. In an effort to further facilitate these partnerships, Secretary Napolitano announced the appointment of Alan Bersin as DHS Assistant Secretary for International Affairs and Special Representative for Border Affairs. The recently announced Southwest Border Security Initiative, the Merida Initiative, and the 2009 National Southwest Border Counternarcotics Strategy, as well as interagency planning, all rely on this coordination. Through these initiatives, the Department will increase personnel at the border, position technology at strategic locations, and provide assistance for Mexican security needs through resources and partnerships. In the future, DHS will work closely to help Mexico build capacity for its long term border security needs. Taken as a whole, these initiatives aim to crack down on the illegal activities that fuel the drug war in Mexico.

In March, DHS announced new plans, which involves the deployment of hundreds of new personnel and enhanced intelligence technology to maximize capabilities and strengthen

coordination with other federal law enforcement entities such as DOJ, the Bureau of Alcohol, Tobacco, Firearms and Explosives, the DEA, the US Marshals Service, and the FBI, as well as State, local, tribal, and Mexican law enforcement authorities. With regard to CBP, the President's initiative:

Initiates 100 percent southbound rail scanning – CBP previously did not screen any of the cargo traveling by rail from the United States into Mexico; it is now scanning all rail cargo for weapons, ammunition, and currency. Existing non-intrusive inspection equipment is being used to detect contraband in cargo on each of the eight rail crossings on the southwest border.

Adds Border Patrol Agents at POEs – CBP is placing up to 100 Border Patrol agents at southwestern ports of entry to assist the Office of Field Operations (OFO) and to bolster outbound inspections from the U.S. into Mexico in order to detect arms and bulk-cash smuggling.

Adds Mobile Response Teams – Three Mobile Response Teams of 25 CBP officers each are periodically deploying to the southwest border to participate in focused operations developed to combat arms and bulk cash smuggling.

Augments Search Technologies – An additional two low-energy mobile x-ray units have been moved to the southwest border, in addition to the seven already present, to help CBP identify anomalies in passenger vehicles.

Engages Canine Teams – A total of twelve teams of “cross-trained” canines – trained to identify both firearms and currency – have been deployed to the southwest border.

Adds License Plate Readers – Outbound lanes currently equipped with license plate readers will receive upgraded license plate reader technology to improve CBP's ability to identify the vehicles of known or suspected smugglers of cash, weapons, drugs, or persons. This information is shared with other law enforcement agencies through EPIC and the OCDETF Fusion Center.

Enhances Operation Stonegarden Grant Funding on the Border – Grant guidance for the remaining balances in Operation Stonegarden from FY 2006 to FY 2008 will be modified to enhance current State, local, and tribal law enforcement operations on the southwest border. The new guidelines will expand the scope of what the funds can be used for, freeing up to \$59 million for State, local, and tribal law enforcement on the border to pay for additional law enforcement personnel, operational overtime expenses, and travel or lodging for deployment to the southwest border.

Actively Engages State, Local, and Tribal Law Enforcement – DHS is aggressively reaching out to law enforcement in border communities, recently conducting a firsthand tour of State and local law enforcement operations along the southwest border and leading bi-monthly conference calls with chiefs of police and sheriffs in a classified setting.

We have already begun to feel the impact of this initiative. Between March 12 and June 1, CBP seized over \$13.2 million in outbound currency. On May 10, CBP seized \$200,000 in

U.S. currency during outbound inspections in Progreso, Texas, when officers detected anomalies while performing a routine X-ray scan on a pickup truck. Following a canine inspection, the officers discovered 18 heat-sealed packages of U.S. currency hidden in a roaster oven inside the vehicle. In addition, on May 2, CBP officers and ICE agents in Laredo, Texas, seized more than \$302,000 in American currency hidden in boxes of detergent during a joint outbound operation.

The funding for these efforts will be from budget realignments and reprogramming from lower priority activities. The President's FY 2010 budget continues to support these efforts by providing funding to combat southbound firearms and currency smuggling.

Support of U.S./Mexican Counter-Drug Initiatives

A key and growing area of emphasis involves DHS's role in interdicting the illegal flow of weapons and currency into Mexico. The recent surge in violence in the interior and border cities of Mexico poses a significant threat in Mexico and is a serious concern of the United States. Secretary Napolitano has tasked all DHS components, including CBP, to examine how we can reasonably increase our enforcement activities in an effort to identify and interrupt efforts to smuggle weapons and bulk cash shipments into Mexico.

A large portion of illegal drugs consumed in the United States pass through Mexican territory and territorial seas. Illicit trafficking profits flow back to Mexican drug trafficking organizations across our common border. The Mexican Government's ability to confront drug trafficking and its willingness to cooperate with U.S. efforts directly affect the impact of any southwest border activities.

CBP works with its partners in the Drug Enforcement Administration and the High Intensity Drug Trafficking Area centers to expand the National License Plate Reader (LPR) initiative to exploit intelligence on drug traffickers and drug trafficking organizations. The LPR initiative will utilize established locations to gather information regarding travel patterns and border nexus on drug traffickers to enable intelligence driven operations and interdictions. While the LPRs are currently deployed along the southwest border, the program will be expanded to encompass the northern border and other areas throughout the country in the near future. Its capabilities can be utilized to assist other law enforcement entities in their investigations of their high value targets, by combining existing DEA and other law enforcement database capabilities with new technology to identify and interdict conveyances being utilized to transport bulk cash, drugs, weapons, and other illegal contraband.

In a spirit of cooperation, CBP has established positions at the El Paso Intelligence Center (EPIC), the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, and the DEA Special Operations Division. These initiatives enhance interaction with the Intelligence Community (IC) and law enforcement agencies to more effectively facilitate the collection, analysis, and dissemination of actionable drug-related intelligence. CBP has also established two full-time positions at the National Gang Intelligence Center (NGIC) and has partnered with the National Gang Targeting, Enforcement and Coordination Center (GangTECC).

Additionally, CBP's Office Intelligence and Operations Coordination established a National Post Seizure Analysis Team (PSAT) at the National Targeting Center-Cargo, and is in the process of establishing Intelligence Operations Coordination Centers (IOCC) with the first one under construction in Tucson, Arizona. The IOCCs will make CBP a more fully integrated, intelligence driven organization by linking intelligence efforts and products to operations and interdictions.

CBP views the border as a continuum of activities with the physical border being the last line of defense, not the first. As such, effectively securing the border requires attention to processes that begin far outside U.S. borders, occur at the border, and continue to all interior regions of the United States. Consequently, CBP's strategies address the threats and challenges along the entire continuum. For this reason, CBP takes part in various initiatives, including Operation Panama Express, which relies on strategic partnerships.

Operation Panama Express is an OCDETF initiative, executed through OCDETF Co-located Strike Forces, in which CBP participates with the Drug Enforcement Administration (DEA), Federal Bureau of Investigation (FBI), U.S. Immigration and Customs Enforcement, Internal Revenue Service-Criminal Investigations Division, the U.S. Coast Guard, and multiple State and local law enforcement agencies in a multi-agency international drug flow investigation that combines detection and monitoring, investigative, and intelligence resources to provide actionable intelligence to Joint Interagency Task Force-South (JIATF-S) operations to interdict the flow of cocaine from northern South America to the United States. JIATF-S interdiction operations in the transit zone, supported by CBP P-3 Airborne Early Warning, CBP P-3 Tracker aircraft, and Coast Guard HC-130, along with U.S. Coast Guard surface vessels, interdict large, sometimes multi-ton, shipments before they can be split into smaller loads for movement across the southwest border over multiple routes and distributed to U.S. cities, towns, and small communities. Interdicting these large loads in the Transit Zone supports the Southwest Border and Merida Initiatives by preventing illicit drugs from entering the distribution networks through Central America and Mexico. This deprives the violent Drug Trafficking Organizations of the product and subsequent cash flow that supports their operations.

CBP is also responsible for detecting and preventing unauthorized incursions into the United States. Toward this end, CBP continues to work with the Mexican Government in the development of increased law enforcement surveillance and interdiction capabilities. Detection of U.S./Mexican border air intrusions is essential to effective interdiction operations along our borders with Mexico. The primary means of detection is a large radar network, monitored at the Air and Marine Operations Center (AMOC) in Riverside, California. Information is fed to the AMOC through a network of airborne early warning, aerostat, Federal Aviation Administration (FAA), and ground based radar systems. Both CBP and Mexican law enforcement personnel stationed at the AMOC detect aircraft "short landings" and border penetrations and coordinate CBP and Mexican interdiction assets to intercept, track, and apprehend smugglers as they transverse the U.S./Mexico border.

The Government of Mexico maintains a strong commitment to interdiction. CBP will continue to assist the Government of Mexico in its counter-drug effort, including Command, Control, Communications, and Information support.

Intelligence and Operational Coordination

CBP continues to evolve into a more integrated, intelligence driven organization and partner in the DHS Intelligence Enterprise. We are in the process of establishing a more robust field organization by means of several programs. For example, the CBP Office Intelligence and Operations Coordination is in the process of developing capabilities which will integrate CBP intelligence and operational elements for more effective command and control, mission deployment, and allocation of resources.

Intelligence gathering and predictive analysis require new collection and processing capabilities. CBP is developing the Analytical Framework for Intelligence (AFI), a set of data processing tools that will improve the effectiveness of CBP and other DHS analysts in detecting, locating, and analyzing terrorist networks, drug trafficking networks, and similar threats. CBP has instituted training for Border Patrol Agents and CBP Officers to better recognize indications of human trafficking, hosted a Human Trafficking Symposium in 2008, and has developed a Human Trafficking Public Awareness Campaign which includes the use of informational posters located in public areas of U.S. ports-of-entry and Human Trafficking Information Cards that are designed to raise the awareness of the both the traveling public and potential victims to the crime of human trafficking. These intelligence and operational coordination initiatives complement the Secure Border Initiative's (SBI) technology programs and will be shared with other agencies, including – but not limited to – the Drug Enforcement Administration.

Secure Border Initiative (SBI)

The Secure Border Initiative (SBI), as currently configured, contributes to two of the three legs of our border security stool.

As I previously mentioned, the Border Patrol identified 661 miles along the southwest border where persistent impedence was a necessary condition for effective control. In those areas, the only cost-effective options to provide persistent impedence are physical infrastructure or personnel. Within the miles identified by the Border Patrol, our analysis shows that technology is not an adequate substitute. Technology might well allow us to watch illicit border crossers blend into the population or travel to a route of egress—but it does not delay or impede the crossers long enough to enable an effective response.

Going forward, the BSFIT appropriation, which is managed by the SBI office, will continue to dedicate funding to additional tactical infrastructure programs. Much of the focus, however, will be on high priority infrastructure projects other than fence—for example, roads and lighting. With the fence projects largely complete, we will be increasing our emphasis on technology within the SBI program - *SBI_{net}*.

Our recent activity has been focused on development of the SBI_{net} Block 1 system, which we are deploying this year to two locations in Arizona known as Tucson-1 and Ajo 1, totaling about 53 miles of border. After completing System Qualification Test (SQT) last December, while CBP had confidence in the overall system design, there were some open issues

that needed to be resolved prior to giving the go ahead to move forward with these initial operational deployments. The SBInet team worked with Boeing to resolve the issues from SQT and complete the appropriate analysis in order to provide adequate confidence in the system design. This analysis suggested that, to a reasonable level of engineering confidence, the system meets its design requirements. Further confirmation will require actual deployment and checkout of the system in the real operational environment – an opportunity that will be provided with the deployment of the system to Tucson-1, which began on May 4. The deployments of Tucson-1 and Ajo-1 will lead to a more formal operational test and assessment by the Border Patrol to determine how well the system meets the agents' needs. The results of the engineering tests and the Border Patrol's operational testing will then advise future changes and enhancements to the system, as well as a decision to deploy the system to additional locations.

Conclusion

Mr. Chairman and members of the Subcommittee, your continued support of CBP has led to many positive outcomes in border security and improvements in travel and trade facilitation. The results of your recent investments to improve CBP's aging infrastructure will soon be evident. The resources we put at our border, whether it is people, technology, or tactical infrastructure, enhance our ability to address hazards and threats at our Nation's borders.

Thank you for the opportunity to describe our border security operations and to highlight some of our progress to date. I am confident that we will continue to make tremendous strides in increasing control of our borders.

I look forward to your questions.

Chairman TOWNS. Thank you very much for your testimony, Mr. Owen.

Mr. Kibble.

STATEMENT OF KUMAR KIBBLE

Mr. KIBBLE. Chairman Towns, Ranking Member Issa, and distinguished members of the committee, on behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to discuss ICE's role in securing the border through the investigation and enforcement of the Nation's immigration and customs laws.

As the primary investigative agency within DHS, ICE targets transnational criminal networks and terrorist organizations that might exploit potential vulnerabilities at our borders. Our partnerships are essential to this effort. ICE recently strengthened two of these crucial partnerships by renegotiating agreements with the DEA and the ATF. These agreements will improve and enhance information sharing and promote effective coordination.

The violence along our Southwest Border requires a comprehensive and collaborative effort. On March 24th, the Departments of Homeland Security, Justice, and State announced the Southwest Border Initiative designed to crack down on Mexican drug cartels. This initiative was augmented by the recently released 2009 National Southwest Border Counternarcotics Strategy.

Since the March announcement, we have seen significant increases in seizures of drugs and currency compared to the same time period in 2008. During the period between the March announcement and June 23rd of this year, ICE and CBP together have increased narcotics and U.S. currency seizures by over 40 percent.

ICE continues to work with its Federal partners to collaborate in various ways. For example, in 2005, DHS created the Border Enforcement Security Task Force. The 15 BESTs are a series of ICE-led multi-agency task forces that identify, disrupt, and dismantle criminal organizations posing significant threats to border security. Since 2005, the BESTs have reported over 4,000 criminal arrests and seized over 200,000 pounds of narcotics, over 2500 weapons, and over 370,000 rounds of ammunition, including \$26 million in U.S. currency and monetary instruments.

One recent success story was exemplified through a joint BEST investigation between ICE, ATF, and the El Paso Police Department, which led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States. The weapons they attempted to purchase and smuggle included 300 AR-15 rifles, 300 short-barrel .223 caliber rifles, 10 Barrett .50 caliber sniper rifles, two 40 millimeter grenade machine guns, and 20 handguns with silencers, as well as a large amount of ammunition. The firearms would have had a total street value of over half a million dollars.

Given the success of the BEST model, ICE has shifted investigators to these task forces and doubled the number of agents working on BESTs along the Southwest Border from 95 to 190. This greatly expands our ability to work with State and local law enforcement on cartel-related crime occurring on the U.S. side of the border.

A large number of weapons recovered in Mexico's drug wars are smuggled illegally into Mexico from the United States. Clearly, stopping this flow must be an urgent priority, and ICE is uniquely positioned to address this challenge. In June 2008, ICE, along with CBP and other Federal, State, and local partners, launched Operation Armas Cruzadas. Since its inception, Armas Cruzadas has resulted in the seizure of 1,600 weapons, more than \$6.4 million, and over 180,000 rounds of ammunition, and the arrest of 386 individuals.

In addition to addressing weapons smuggling, ICE has partnered with CBP through Operation Firewall to combat the illegal movement of cash across the Southwest Border. Since its inception, Firewall has resulted in the seizure of over \$210 million, including over \$65 million seized overseas and 475 arrests.

ICE also recently established the Trade Transparency Unit with Mexico to identify cross-border trade anomalies, which are often indicative of trade-based money laundering schemes. Under this initiative, ICE and its partners in cooperating countries exchange import and export data and financial information. These efforts have led to more than \$50 million in cash seized during the last fiscal year.

We proactively attack groups engaged in human smuggling and trafficking by initiating investigations beyond the borders. ICE is a major participant in and supporter of the Interagency Human Smuggling and Trafficking Center, which targets human smugglers, traffickers, and terrorist travel facilitators. We have identified various methods and routes used by criminal networks to smuggle people into the United States.

To target these methods and routes, ICE, in partnership with DOJ, formed the Extraterritorial Criminal Travel Strike Force in June 2006, combining our investigative, prosecutorial, and intelligence resources to target, disrupt, and dismantle foreign-based criminal travel networks. Complementary to the ECT program is the pivotal role ICE continues to play as a co-chair of the targeting project of the Interagency Working Group on Alien Smuggling.

In conclusion, ICE is committed to working with this committee and Congress to address the significant challenges we face to secure the border through the enforcement of our Nation's immigration and customs laws. I thank the committee for its support of ICE and our law enforcement mission, and I would be pleased to answer any questions you may have.

[The prepared statement of Mr. Kibble follows:]



U.S. Immigration and Customs Enforcement

STATEMENT

OF

**KUMAR C. KIBBLE
DEPUTY DIRECTOR, OFFICE OF INVESTIGATIONS**

**U.S. IMMIGRATION AND CUSTOMS ENFORCEMENT
DEPARTMENT OF HOMELAND SECURITY**

REGARDING A HEARING ON

“SOUTHWEST BORDER; WHERE ARE WE NOW?”

BEFORE THE

**U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM**

Thursday, July 9, 2009 - 10:00 a.m.

INTRODUCTION

Chairman Towns, Ranking Member Issa, and distinguished Members of the Committee:

On behalf of Secretary Napolitano and Assistant Secretary Morton, I would like to thank you for the opportunity to discuss the role of U.S. Immigration and Customs Enforcement (ICE) in securing the border through the investigation and enforcement of the nation's immigration and customs laws.

As the primary investigative agency in the Department of Homeland Security (DHS), ICE protects national security and upholds public safety by targeting transnational criminal networks and terrorist organizations that might exploit potential vulnerabilities at our borders. Partnerships are essential to this effort, and ICE works closely with its domestic and foreign partners at the federal, state, local, territorial, and tribal level to create a united front to secure the border and dismantle transnational criminal organizations.

ICE targets organizations that exploit legitimate trade, travel and financial systems, using all of our enforcement authorities to ensure that cross-border crime is attacked from every possible angle. Indeed, the recent escalation of violence by drug cartels and other criminal organizations just over our border with Mexico demonstrates the importance of this mission. As Secretary Napolitano recently testified, the violence in Mexico is not solely an international threat; it is a homeland security issue in which all Americans have a stake.

The cartels that Mexican authorities are battling are the same criminal organizations that put drugs on our streets, fueling violence and crime. Illegal drugs,

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money and weapons flow both ways across our border and inextricably link U.S. and Mexico efforts to combat the drug cartels. Our two countries share a nearly 2,000 mile-long border, billions of dollars in trade, a commitment to democracy, and the need to prevail against transnational organized crime.

The violence along our Southwest border requires a comprehensive, multifaceted, and collaborative effort. On March 24, DHS announced new plans designed to crack down on Mexican drug cartels through enhanced border enforcement. Additional personnel, increased intelligence capability, and better coordination with federal, state, local, and Mexican law enforcement authorities to target illegal guns, drugs, and cash have already resulted from this initiative.

Since the March announcement we have seen significant increases in seizures of drugs and currency compared to the same time period in 2008. For example, during the period between the March 24th announcement and June 23, 2009, ICE and CBP together have seized 8,247 pounds of cocaine (up 8 percent from the same time period in 2008), 1.2 million pounds of marijuana (up 39 percent), 2,008 pounds of methamphetamine (up 68 percent), 412 pounds of heroin (up 48 percent), and \$31 million in U.S. currency (up 40 percent). During this time frame ICE has increased its case initiations by approximately 28 percent as compared to the same time last year and has made 1,169 arrests (803 criminal arrests and 366 civil immigration arrests), including arrests of 274 recidivist criminal immigration violators; and was responsible for investigating cases resulting in 278 convictions for a broad range of border crimes including drug, weapons, and human smuggling. Finally, through agents stationed in Mexico, ICE assisted

Mexican authorities in making arrests of three significant Gulf Cartel members and a high-ranking Los Zetas Cartel member during this period.

On June 5, Secretary Napolitano, Attorney General Holder and the Office of National Drug Control Policy (ONDCP) Director Kerlikowski, released the 2009 National Southwest Border Counternarcotics Strategy, which detailed the Administration's collective approach to stem the flow of illegal drugs and their illicit proceeds across the Southwest border and reduce associated crime and violence in the region.

PARTNERING WITH FEDERAL, STATE, LOCAL, TERRITORIAL AND TRIBAL LAW ENFORCEMENT

The partnership between federal, state, local, territorial, and tribal law enforcement in the border region is essential to securing our nation against the threat of cartel violence. Law enforcement agencies at all levels of government have significant roles to play both in addressing the current border violence and in preparing for scenarios where violence in Mexico could further impact the United States. Law enforcement agencies at the state, local, territorial, and tribal level have long fought border violence and have deep operational knowledge of the border region. Confronting a multifaceted threat like border violence means that federal agencies must constantly collaborate and coordinate with our state, local, territorial, and tribal partners by sharing resources and information.

With this in mind, ICE continues to work with its federal partners to collaborate with state and local governments in various ways. For example, in 2006, DHS created the Border Enforcement Security Task Force (BEST) initiative, which is a series of ICE-

led multi-agency task forces developed to leverage federal, state, local, tribal, and foreign law enforcement and intelligence resources in the effort to identify, disrupt and dismantle criminal organizations posing significant threats to border security. The task forces are designed to increase information sharing and collaboration among the agencies combating this threat on both sides of the border. The 15 BESTs, including two recently stationed in Las Cruces and Deming, New Mexico, include the participation of ICE; Customs and Border Protection (CBP); the U.S. Coast Guard; the DHS Office of Intelligence and Analysis; the Drug Enforcement Administration (DEA); the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF); the Federal Bureau of Investigation (FBI); applicable U.S. Attorney's offices; and state and local law enforcement agencies. Mexican law enforcement agencies also participate in BEST, and the government of Mexico has agreed to provide representatives to every BEST team on the Southwest border.

The BEST model has been successful. ICE, with the help of our partners, has cracked down on arms trafficking, human smuggling, bulk cash smuggling, and drug smuggling organizations. These efforts have disrupted cartel operations in both the United States and Mexico. Moreover, ICE's results clearly demonstrate the effectiveness of the BEST operational platform. Since July 2005, matters involving BEST teams, working in conjunction with DOJ and other law enforcement agencies, resulted in 4,240 criminal arrests, 3,531 administrative arrests, 1,901 indictments, and 1,292 convictions. In addition, these efforts have resulted in the seizure of approximately 10,348 pounds of cocaine, 187,843 pounds of marijuana, 829 pounds of methamphetamine, 103 pounds of crystal methamphetamine, 1,257 pounds of ecstasy, 255 pounds of heroin, 97 pounds of

hashish, 22 pounds of opium, 2,580 weapons, 870 vehicles, seven properties, and \$26.3 million in U.S. currency and monetary instruments.

One recent success story is exemplified through a joint investigation between ICE, ATF, and the El Paso Police Department, which led to the indictment of four individuals attempting to purchase and illegally export weapons and ammunition out of the United States. The weapons they attempted to purchase and smuggle included 300 AR-15/AR-16 rifles, 300 short-barrel .223 rifles, 10 Barrett .50 caliber rifles, two 40 millimeter grenade machine guns, 10 .45 caliber handguns with silencers, 10 .40 caliber handguns with silencers, and a large amount of ammunition of various calibers. The firearms would have had a total street value of over \$500,000.

Given the success of the BEST model, ICE has shifted investigators to these task forces and doubled the number of agents working on BESTs from 95 to 190. This greatly expands our ability to work with state and local law enforcement on cartel-related crime occurring on the U.S. side of the border.

ICE AND ATF JUNE 30, 2009, MEMORANDUM OF UNDERSTANDING

ICE and ATF appreciate and respect each other's complementary authorities. When ICE and ATF join forces through joint investigations, or in the BESTs, both agencies bring balanced authorities to any investigation.

The June 30, 2009, Memorandum of Understanding between ICE and ATF establishes the clear roles that both agencies have over domestic and international trafficking of firearms, ammunition, explosives, weapons, and munitions. The agreement

recognizes that both law enforcement agencies are actively engaged in the fight against persons and criminal organizations involved in violent crime and gun trafficking.

STRENGTHENING PARTNERSHIPS TO FIGHT DRUG TRAFFICKING

On June 18, 2009, ICE and DEA entered into a new interagency agreement to increase the number of agents targeting international drug traffickers, improve and enhance information and intelligence sharing, and promote effective coordination between the agencies.

This agreement will enable ICE Assistant Secretary Morton to select an unlimited number of ICE agents available for DEA cross-designation to investigate violations of the Controlled Substances Act, 21 U.S.C. § 801, et seq., (“Title 21”) with a clear nexus to the United States border in coordination with DEA. The agreement makes clear, however, that, overseas, DEA remains the focal point with foreign law enforcement officials on drug law enforcement operational and intelligence matters. However, ICE’s coordination with DEA on operational foreign drug investigative activities does not connote DEA’s supervision of those investigative activities. Instead, DEA’s review of the planned foreign drug investigative activities ensures the compliance with the Interagency Cooperation Agreement and prevents conflict with other ongoing investigative matters. In this context, DEA’s serving as “the single point of contact” for those aspects of a drug investigation conducted in a foreign country is not synonymous with DEA assuming oversight responsibilities with respect to the overall objectives and strategies of that drug investigation. Accordingly, the agreement recognizes the importance of the U.S. Government providing a unified voice and presenting a completely integrated drug

enforcement policy to all foreign agencies. ICE and DEA will fully share information electronically through the Organized Crime Drug Enforcement Task Force (OCDETF) Fusion Center, which will allow ICE, DEA, the FBI, and other participating agencies to access each other's case information as appropriate and more effectively target criminals.

WORKING WITH MEXICAN AUTHORITIES

Assisting Mexico in its battle against drug violence requires strong coordination with the Mexican government and law enforcement to ensure that Mexico and the U.S. are cooperating effectively to combat this transnational threat. ICE continues to engage Mexican authorities on a number of levels in our joint efforts to combat border violence.

ICE's Border Liaison Officer (BLO) program, for instance, allows ICE to more effectively identify and combat cross-border criminal organizations by providing a streamlined information- and intelligence-sharing mechanism. The BLO program creates an open and cooperative working relationship between the U.S. and Mexican law enforcement entities. ICE has recently quadrupled the number of officers in the BLO program by redeploying agents to the Southwest border.

ICE currently partners with the Government of Mexico on Operation Armas Cruzadas, which cracks down on cross-border arms smuggling. The ICE Attaché Office in Mexico City coordinates with vetted Special Investigative Units of Mexican law enforcement officers. Both ICE and ATF will work closely with these vetted units to assist them investigate and prosecute border crimes such as smuggling and firearms trafficking.

We have also strengthened our coordination with the Government of Mexico by increasing ICE Attaché personnel in Mexico by 50 percent, and sending additional special agents to Mexico. Through our Attaché in Mexico City and associated sub-offices, ICE assists in efforts against transnational drug trafficking, weapons smuggling, human smuggling, and money laundering syndicates in Mexico. ICE Attaché personnel work on a daily basis with Mexican authorities to combat these transnational threats, and these efforts have been enhanced by additional officers.

ILLEGAL WEAPONS AND BULK CASH SMUGGLING INTO MEXICO

A large number of weapons recovered in Mexico's drug war are smuggled illegally into Mexico from the United States. Clearly, stopping this flow must be an urgent priority.

President Calderón of Mexico has identified the illegal flow of weapons from the United States as one of the biggest security threats to his country. Stopping weapons smuggling is a particular challenge, both because of the nature of the southwest border and because much of the smuggling occurs in small shipments of a few weapons at a time. ICE is uniquely positioned to address this challenge.

In June 2008, ICE, along with CBP and other federal, state and local partners, launched Operation Armas Cruzadas. Under Armas Cruzadas, ICE has taken an intelligence-driven, systematic approach to arms trafficking investigations. As part of this effort, ICE initiated a Weapons Virtual Task Force to create virtual communities where law enforcement can rapidly share intelligence and communicate in a secure

unclassified environment through the Homeland Security Information Network (HSIN). ICE plans on working with a vetted Arms Trafficking Group of Mexican officers.

Since its inception, Operation Armas Cruzadas has resulted in the seizure of 1,595 weapons, more than \$6.4 million, and 180,663 rounds of ammunition and the arrest of 386 individuals on criminal charges resulting in 117 criminal indictments and 64 convictions. In addition to addressing weapons smuggling, ICE has partnered with CBP to combat the illegal movement of cash across the Southwest border. One reason drug cartels pose such a dangerous threat is their extensive monetary resources. The U.S. must interrupt that illegal flow of money. Operation Firewall, led by ICE, addresses bulk cash smuggling. ICE targets those individuals and organizations that exploit vulnerabilities in financial systems to launder illicit proceeds.

Following its inception, Operation Firewall produced immediate results. On the first day of operations in 2005 at the Benito Juárez International Airport in Mexico City, Mexican authorities seized \$7.8 million en route to Cali, Colombia concealed inside deep fryers, rotisseries, and voltage regulators. Other notable seizures include \$7.3 million seized inside rolls of fabric and plastic and \$4.7 million concealed inside air conditioning equipment and metal piping destined for Colombia. Since its inception, Operation Firewall has resulted in the seizure of over \$210 million, including over \$65 million seized overseas and 475 arrests. As a result of a broad, multi-agency response to attack the flow of money, ICE achieved a 220 percent increase in outbound currency seizures.

On June 26, 2008, Rafael Ravelo, a member of a Mexican-based drug trafficking organization, was sentenced to 126 months of incarceration and ordered to forfeit nearly \$1.15 million. This sentence was the result of the ICE-led Operation Doughboy, an

Organized Crime Drug Enforcement Task Force (OCDETF) investigation that was initiated prior to Operation Firewall, based on a bulk cash smuggling interdiction. This joint U.S./Mexico investigation involved the monitoring of 18 phone lines of the heads of a Mexican drug trafficking organization and began when ICE agents in 2003 successfully linked a \$149,000 bulk cash seizure by the Texas Department of Public Safety to the drug trafficking organization.

ICE also recently established a Trade Transparency Unit with Mexico to identify cross-border trade anomalies, which are often indicative of trade-based money laundering. Under this initiative, ICE and law enforcement agencies in cooperating countries exchange import and export data and financial information. ICE's efforts led to more than \$50 million in cash seizures in Fiscal Year 2008.

HUMAN SMUGGLING AND TRAFFICKING

Criminal smuggling and trafficking organizations are not constrained by international borders, operating in countries of origin, transit countries, and destination countries such as the United States. ICE proactively attacks groups engaged in human smuggling and trafficking by initiating investigations beyond the U.S. borders. Organizations can charge thousands of dollars to smuggle aliens into the U.S., including those individuals who could pose a threat to the country. Accordingly, ICE works aggressively with non-governmental organizations to identify trafficking victims, bring smugglers and traffickers to justice, and increase public awareness of modern-day slavery.

ICE recognizes that success in combating alien smuggling, trafficking in persons, and criminal support to clandestine terrorist travel requires working with other agencies in order to turn intelligence into action. ICE is a major participant in, and supporter of, the interagency Human Smuggling and Trafficking Center (HSTC), which targets human smugglers, human traffickers, and terrorist travel facilitators. Indeed, the Director of the HSTC is an ICE Supervisory Special Agent.

ICE has identified various methods and routes used by criminal networks to smuggle people into the United States. To target these smuggling methods and routes, ICE and DOJ formed the Extraterritorial Criminal Travel (ECT) Strike Force in June 2006 and combined our investigative, prosecutorial, and intelligence resources to target and aggressively pursue, disrupt, and dismantle foreign-based criminal travel networks. Complementary to the ECT program is the pivotal role ICE continues to play as a co-chair of the targeting project of the Interagency Working Group on Alien Smuggling. By working with our partners in the intelligence community, we identify and target the most dangerous international human smuggling organizations for investigation and prosecution, especially those that pose a threat to our national security. Much of the work is classified, but the effort has led to a number of significant prosecutions since 2001.

In August 2006, the ECT Strike Force initiated an alien smuggling investigation of Mohammed Kamel Ibrahim and Sampson Boateng for smuggling aliens from Ethiopia, Eritrea, and Somalia. These men were responsible for recruiting aliens, establishing travel routes, and facilitating the aliens' transportation into the United States. Additionally, these men obtained both fraudulent and genuine travel documents for the

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smuggled aliens from a corrupt foreign government official. As a result of our investigation, Ibrahim and Boateng pleaded guilty to alien smuggling violations and were sentenced to prison in early 2009.

CONCLUSION

ICE is committed to working with this Committee and Congress to address the significant challenges we face to secure the border through the enforcement of our nation's immigration and customs laws. I thank the Committee for its support of ICE and our law enforcement mission.

I would be pleased to answer any questions you have at this time.

Chairman TOWNS. Thank you very much, Mr. Kibble.
Mr. Placido.

STATEMENT OF ANTHONY P. PLACIDO

Mr. PLACIDO. Thank you, Mr. Chairman. Chairman, Ranking Member Issa, I appreciate the opportunity to represent the views of the Drug Enforcement Administration on this important issue regarding the rise of criminality in Mexican cartels and their implications for U.S. national security.

As the lead agency for enforcing the drug laws of the United States, DEA is keenly aware of the critical requirement to break the power and impunity of transnational crime groups such as the Mexican cartels. These groups not only supply enormous quantities of illicit drugs to our country, with adverse consequences in terms of addiction, lost productivity, and related social costs, but, left unchecked, threaten regional stability because they undermine respect for the rule of law, diminish public confidence in government institutions, and promote lawlessness through corruption, intimidation, and violence.

The good news is that, together with our highly committed and increasingly capable Mexican partners and the generous support of Congress through the Merida Initiative, we are bringing unprecedented pressure against these cartels in helping fortify Mexico's criminal justice system to assure that these gains can be sustained over time.

The drug trade in Mexico has been rife with violence for decades. However, intentionally gruesome drug-related violence, kidnapping, torture, and murder have remained at elevated levels since President Calderon initiated his bold, comprehensive program to break the power of the cartels. And I believe they have distributed some of the photos that demonstrate the extent of that brutality.

Mr. ISSA. Mr. Chairman, I would ask unanimous consent that they be placed in the record but not shown, because they are literally too gruesome, I think, for open showing. I think the gentleman would agree.

Chairman TOWNS. Without objection, so ordered.

Mr. PLACIDO. Mexican cities along our Southwest Border, such as Juarez and Tijuana, have witnessed spectacular violence despite the fact that El Paso and San Diego are among some of the safest cities in America. Drug-related killings in Mexico have escalated from approximately 1,200 in 2006 to more than 6,200 in 2008, and during the first 6 months of this year there have been approximately 3,600, putting it on par to exceed last year's numbers.

In the past, the violence was largely confined to persons engaged in the drug trade. But there has been a disturbing new trend wherein Mexican military and law enforcement officials are being intentionally targeted by the cartels. Moreover, in an effort intended to break the will of the government of Mexico to confront these vicious criminals, the mutilated the decapitated bodies of the victims are frequently left with signs warning of even greater violence.

Even if this carnage can be confined to Mexican territory, it has adverse consequences to U.S. national security. There is justifiable

concern that the violence plaguing Mexico will spill across our border and have an even more pronounced effect on Americans.

The U.S. interagency has attempted to distinguish between the criminal-on-criminal violence that has always been associated with the drug trade and the new phenomenon of retaliatory violence against Mexican officials and institutions. Accordingly, we have defined spillover violence to entail deliberate attacks by the cartel on U.S. Government personnel, whether in the United States or Mexico, innocent civilians in the United States, or U.S. Government facilities, including our embassies and consulates. Based on this definition, we have not yet seen a significant level of spillover violence; however, as you have heard, we must, and are, building contingency plans for the worst case scenario.

Moreover, I would reemphasize that even if confined to Mexico, the drug-related violence seriously undermines respect for the rule of law and degrades confidence in Mexican institutions. By extension, instability in Mexico has serious national security implications here at home, as well as adverse consequences in Central America and beyond. DEA continues to work in cooperation with its Federal, State, local, and foreign counterparts to address these threats.

DEA's organizational attack strategy is an attempt to systematically disrupt and dismantle the command and control elements of these criminal syndicates. Key to this strategy is sharing information in coordination with our counterparts through the Special Operations Division, the OCDETF Fusion Center, and the El Paso Intelligence Center.

In Mexico, DEA has the largest U.S. law enforcement presence, and its partnership with the Calderon administration is mounting sustained attacks against these cartels. The disruption and dismantling of these organizations, the denial of proceeds, and the seizure of their assets significantly impact the ability of these cartels to exercise influence and further destabilize the region. Projects Reckoning and Operation Accelerator are recent examples of this collaboration. While these collaborative operations are intended to break the power of the cartels, in the short-term they also exacerbate the violence in Mexico.

Briefly, I would also like to address an issue of concern that was recently highlighted by the GAO pertaining to collaboration and cooperation between ICE and DEA. As someone who began my career with then U.S. Customs Service, now ICE, I want to underscore the importance of cooperation in law enforcement and DEA's unwavering support for the recently signed Interagency Cooperation Agreement between DEA and ICE.

Both Secretary Napolitano and Attorney General Holder have made clear that this agreement is the most efficient and effective way to promote interagency coordination and cooperation. The agreement addresses the concerns of both agencies, without the need for legislative action, by allowing the cross-designation of an unlimited number of ICE agents to employ Title 21 investigative authority and also strengthens information sharing and coordination protocols.

Chairman Towns, Ranking Member Issa, members of the committee, I thank you for the opportunity to testify and stand ready to answer questions.

Chairman TOWNS. Thank you very much for your testimony.
Mr. Hoover.

STATEMENT OF WILLIAM HOOVER

Mr. HOOVER. Thank you, sir.

Chairman Towns, Congressman Bilbray, and other distinguished members of the committee, I am William Hoover, Acting Deputy Director of the Bureau of Alcohol, Tobacco, Firearms and Explosives. On behalf of Acting Director Ken Melson, I am honored to appear before you today to discuss ATF's ongoing role of disrupting firearms from being illegally trafficked from the United States into Mexico and working to reduce the associated violence along the border.

For over 30 years, ATF has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of both firearms and explosives. We are responsible for both regulating the firearms and explosive industries and enforcing the criminal laws relating to those commodities.

ATF has the experience, expertise, and commitment to investigate and disrupt groups and individuals who obtain guns in the United States and illegally traffic them into Mexico in facilitation of the drug trade. The combination of ATF's crime-fighting expertise, specific statutory and regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout our nation.

We know we do not fight this battle alone. Last week, ATF hosted a violent crime and arms trafficking summit in Albuquerque, NM. This conference was monumental in establishing a formal partnership between ATF and ICE. At this conference, a Memorandum of Understanding was signed by the leaders of both agencies, establishing how we will work together on investigations regarding firearms trafficking. This agreement also establishes a notification process that each agency will follow while conducting these investigations.

ATF's strategy for disrupting the flow of firearms to Mexico through Project Gunrunner has referred over 882 cases for prosecution, involving 1,838 defendants. Those cases include 415 for firearms trafficking, which involved 1,135 defendants and an estimated 13,382 firearms. ATF has said that 90 percent of the firearms seized in Mexico and traced come from the United States. The GAO report that was published in June 2009 concurred with our findings.

We have established that the greatest proportion of firearms trafficked to Mexico originate out of the States along the Southwest Border. Additionally, trace data shows that traffickers are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State. Additionally, Mexican officials have seen an increase in the number of explosive devices used in these violent attacks. ATF agents and explosives experts work

with the Mexican military and law enforcement to identify and determine where these devices and components originate.

Along the Southwest Border, ATF's Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis and 59 industry operations investigators responsible for conducting regulatory inspections of federally licensed gun dealers, known as FFLs. We recently sent over 100 additional personnel to the Houston Field Division to support our effort against the trafficking of firearms to Mexico. In addition, ATF has received a total of \$25 million in new funding in fiscal year 2009 and in fiscal year 2010 for Project Gunrunner.

As the sole agency that regulates FFLs, roughly 7,000 of which are along the Southwest Border, ATF has the statutory authority to inspect and examine the records and inventory of licensees, looking for firearms trafficking trends and patterns, and revoking the license of those who are complicit in firearms trafficking. For instance, ATF used its regulatory authority to review the records of an FFL that received close to 2,000 firearms, removed their serial numbers, and trafficked them to Mexico with the aid of a co-conspirator located in Mexico.

A key component of ATF's strategy to curtail firearms trafficking to Mexico is the tracing of firearms seized in both countries. Our analysis of this aggregate trace data can reveal trafficking trends and networks showing where the guns are being purchased and who is purchasing them.

Let me share an example of how trace data can identify a firearms trafficker.

ATF's analysis of a trace data linked a man living in a U.S. city along the border to three crime guns recovered at three different crime scenes in Mexico. Further investigation uncovered that he was the purchaser of a fourth firearm recovered at yet another crime scene in Mexico, and that he had purchased over 100 AR-15 type receivers and 7 additional firearms within a short time span using nine different FFL wholesale distributors as sources for his guns.

In April 2008, ATF seized 80 firearms from the suspect and learned that he was manufacturing guns in his home. He sold over 100 guns alone to an individual who is suspected of being linked to a cartel. Investigative leads are being pursued and charges are pending.

Last, I would like to mention ATF's operational presence at the El Paso Intelligence Center, located in El Paso, TX. EPIC is certainly one of the most valuable tools for intelligence sharing and coordination in multi-agency efforts to curb violence and firearms trafficking activities along the Southwest Border. At EPIC, we operate what is known as the ATF Gun Desk. The mission of the Gun Desk is to identify and analyze all firearms and explosives-related data acquired and collected from law enforcement and open source. This would include Mexican military and law enforcement, and also U.S. law enforcement assets operating on both sides of the border.

We at ATF will continue with our efforts along the Southwest Border and will harvest our partnerships with not only our law enforcement partners within the United States, but will continue to work with the Mexican officials in Mexico to obtain more informa-

tion to better understand the flow of firearms from our country into theirs.

Chairman Towns, Congressman Bilbray, and other distinguished members of the committee, on behalf of the men and women of ATF, I thank you and your staff for your continued support of our crucial work. With the backing of this committee, ATF can continue to fight violent crime in the Nation's cities and on the border, making our Nation even more secure. I look forward to your questions.

Chairman TOWNS. Thank you very much, Mr. Hoover, for your testimony.

Mr. McBrien.

STATEMENT OF J. ROBERT McBRIEN

Mr. McBRIEN. Mr. Chairman, Mr. Bilbray, other members of the committee, I am pleased to be here today on behalf of the Office of Foreign Assets Control of the Treasury Department. I will try to compress the statement as we go through it for the interest of time and so that we can get into the questions and answers.

The Office of Foreign Assets Control's mission is to enforce economic sanctions in support of U.S. foreign policy and national security. In the particular instance of Mexico, we are talking about using the tool of the Foreign Narcotics Kingpin Designation Act, which Congress passed in 1999. The Kingpin Act has been used in responding to the threat in Mexico since the year 2000, when the first kingpins were named by, at that time, President Bush, and we have continued to use it since that time. So OFAC's involvement in the fight against the drug trafficking organizations in Mexico is not something new, it is something we have been doing, even with the small resources that we have.

The authorities delegated to OFAC are national security and foreign policy tools that provide power and leverage against a foreign country, regime, or non-state actors such as foreign narcotics traffickers and terrorists. One of our most powerful instruments, Specially Designated Nationals List [SDN], is used to identify, expose, isolate, and disrupt or incapacitate a foreign adversary with the intended result of denying them access to the U.S. financial and commercial system, and immobilizing their resources. OFAC's authorities are administrative in nature, but for persons subject to U.S. jurisdiction, violating OFAC sanctions carries both civil and criminal penalties.

Every year since the Kingpin Act was passed, the presence of the United States has added more kingpins to the list. These kingpins are across the world; it is not only Mexico, although Mexico is roughly 50 percent of those that have been named. This year, President Obama moved from the usual June 1st date in which the statute asked that there be a report made, and acted early and, on April 15th, named three of the Mexican cartels that are currently at the center of much of the violence that is going on. We named the Los Zetas, the Sinaloa Cartel, and La Familia Michoacana. Then again in June we named more kingpins, except those were not involving Mexico.

These are referred to by OFAC as Tier 1 traffickers. While the President identifies the Tier 1 traffickers, OFAC has been delegated the authority to designate for sanctions those working for or

on behalf of, or owned or controlled by, or materially assisting the Tier 1 traffickers. Now, this is the real meat of the counternarcotics sanctions. These Tier 2s, which we also call derivative designations, include the money laundered, the family members complicit in narcotics trafficking activities, the criminal members of the organization, the transportation cells, the logistics, procurement, and communication cells that make up the financial and support networks of drug trafficking organizations.

Since 1999, the President has identified 82 Tier 1 traffickers, 37 of which are Mexican. In that same time, OFAC has identified 251 Tier 2 designations in Mexico. In addition to that, under the program on which the Kingpin Act was conceptually based, which is our sanctions against Colombian traffickers under another authority, the International Emergency Economic Powers Act, we have also, under the Colombian program, in recent times, named 30 Mexican entities or individuals who are also involved in the Colombia-to-Mexico part of the drug trade. So the total over these last several years is 288 persons, entities and individuals, that have been named by OFAC for the blocking of their assets and the prohibition on their activities.

I am going to skip through parts of this and just get down to some of the nitty gritty here. I said at the outset that our objective is to identify and expose and isolate and delegitimize, immobilize, disrupt, dismantle—however we can do it—the drug trafficking organizations; and we do this by going after the heads of the organizations, key players of the organizations, and perhaps, most important—and this again goes back to the meat of it—the networks, the key nodes, the choke points, the whole support structure that makes up a cartel; not just the people who are moving the drugs, but all the businesses, the infiltrations of the legitimate business world, the front companies that give them their backbone. Our objective is to go after that backbone and try to break it.

Ultimately, we hope to be able to expose, halt, and even reverse the penetration of the legitimate economy through our actions. At the same time that we are doing this, we are working collaboratively with all of our colleagues. All of the agencies that are at this table are working with OFAC on these projects. We have relied on and are heavily integrated with DEA, and have been from the very beginning. I cannot say enough for the work that they have done to enable us to carry out our part of the program against the drug trafficking organizations in Mexico.

At the same time that we are doing this with our colleagues, we have, since the Calderon administration came into power, been working very closely with the Mexicans on an ever-escalating basis, and we are continuing to do that.

I would like to just conclude, if I may, with noting that the Kingpin Act provides a powerful mechanism for acting against the threat to the United States posed by foreign narcotics cartels, whether in Mexico or elsewhere. In the case of our southern neighbor, OFAC's employment of the Kingpin Act authorities provides a growing opportunity for partnership in combating the scourge of the drug trafficking organizations. It is a force multiplier; it presents opportunities not only supportive efforts by DEA and other U.S. criminal enforcement agencies—

Chairman TOWNS. Mr. McBrien, I am going to have to ask you summarize.

Mr. MCBRIEN. Yes, sir. That is actually what I am doing right now, sir.

But we are also supporting Mexican authorities. It is an important element in achieving a unity of effort among U.S. Federal, State, and——

Chairman TOWNS. What I am really saying is your 5 minutes are up.

Mr. MCBRIEN [continuing]. Local agencies.

Mr. Chairman, I very much appreciate that hint and I thank you for the opportunity to be here today, and we would be glad to hear any questions you may have and try to answer them for you.

[The prepared statement of Mr. McBrien follows:]

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STATEMENT
OF
J. ROBERT MCBRIEN
ASSOCIATE DIRECTOR
FOR
INVESTIGATIONS AND ENFORCEMENT
OFFICE OF FOREIGN ASSETS CONTROL
UNITED STATES DEPARTMENT OF THE TREASURY
BEFORE THE
UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
ON
"THE RISE OF THE MEXICAN DRUG CARTELS AND U.S. NATIONAL SECURITY"
JULY 9, 2009

Chairman Towns, Congressman Issa, Members of the Committee, I appreciate the opportunity to appear before you today to discuss the important role of the Treasury Department's Office of Foreign Assets Control ("OFAC") in countering the threat that Mexican drug trafficking organizations pose to our country and our Mexican neighbors, including our common border. In particular, I will describe the use of the Foreign Narcotics Kingpin Designation Act, commonly known as "The Kingpin Act," in responding to this threat and in supporting not only other agencies of the U.S. government, but also the law enforcement authorities of the Government of Mexico. A significant point that should be made at the outset is that OFAC is not new to the battle against the drug trafficking organizations in Mexico. We have been using the Kingpin Act authorities against significant foreign narcotics traffickers and their networks around the world, including Mexico, since the first set of drug kingpins - what we call Tier I's - were named by the President in June of 2000.

OFAC's Mission

The Office of Foreign Assets Control, OFAC, administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign

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countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States. OFAC acts under Presidential national emergency powers, as well as authority granted by specific legislation, to impose controls on transactions and freeze assets under US jurisdiction.

The authorities delegated to OFAC are national security and foreign policy tools that provide power and leverage against a foreign country, regime or non-state actors such as foreign narcotics traffickers and terrorists. One of our most powerful instruments, the Specially Designated Nationals List (or "SDN list") is used to identify, expose, isolate, and disrupt or incapacitate foreign adversaries with the intended result of denying them access to the United States financial and commercial system and immobilizing their resources. OFAC's authorities are administrative in nature; but for persons subject to U.S. jurisdiction, violating OFAC sanctions carries both civil and criminal penalties.

The Kingpin Act

On December 3, 1999, the President signed into law the Foreign Narcotics Kingpin Designation Act (the Kingpin Act), which prohibits transactions with, and blocks all property and interests in property, subject to U.S. jurisdiction, of foreign narcotics traffickers identified by the President. The Kingpin Act also provides authority for OFAC to designate individuals and entities that are owned or controlled by, or acting for or on behalf of, the designated kingpins, allowing OFAC to reach the kingpins' networks of front companies, facilitators, and strawmen. The Kingpin Act provides for the President to identify "significant foreign narcotics traffickers" prior to June 1 of every year and to report those actions to the Congress. That has been accomplished in early June of every year from 2000 to the present.

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This year, President Obama, recognizing the urgency of the threat posed by Mexican traffickers to the safety and security of the United States and our Mexican neighbors, took an unprecedented step and used his authority to identify three Mexican narcotics trafficking organizations ahead of the June 1 timeline. On April 15th of this year, President Obama identified the *Sinaloa Cartel*, *Los Zetas* and *La Familia Michoacana* as significant foreign narcotics traffickers. We at OFAC refer to these individuals as “Tier I” traffickers. While the President identifies Tier I traffickers, OFAC has been delegated the authority to designate for sanctions those working for and on behalf of, owned or controlled by, or materially assisting the Tier I traffickers. This is the real “meat” of counter-narcotics sanctions. These “Tier IIs” – also referred to as derivative designations - include the money launderers, the family members complicit in narcotics trafficking activities, the criminal members of the organization, the transportation cells, and the logistics, procurement, and communications cells make up the financial and support networks of drug trafficking organizations.

Since 1999, the President has identified 82 Tier I traffickers, 37 of which are Mexican. Twenty-eight of the 37 are individuals, for example Joaquín “Chapo” Guzmán Loera, Ismael “Mayo” Zambada García, Marcos Arturo Beltrán Leyva.; 9 are drug trafficking organizations. In addition to the three organizations President Obama identified this year, President Bush identified the *Gulf Cartel*, the *Beltrán Leyva Organization*, *Arrellano Félix Organization*, *Amezcuá Contreras Organization*, *Arriola Márquez Organization* and the *Carrillo Fuentes Organization* as Tier I traffickers.

OFAC’s Counter-Narcotics staff

OFAC’s counter-narcotics staff has approximately 10 investigators, who are assisted by an Attaché and Assistant Attaché in Bogotá, an Attaché in Mexico City, and an Attaché in Abu

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Dhabi. By the end of August 2009, Mexico City will also have an Assistant Attaché. Five investigators in OFAC's Washington, D.C. headquarters are assigned to investigate the financial networks of Mexican drug traffickers, while the remaining five investigate narcotics trafficking networks in Colombia, Afghanistan, Pakistan, Burma, Africa, and elsewhere. Mexico City is also supported by investigators sent there on temporary duty for periods of 60-90 from OFAC headquarters.

OFAC and DEA

We don't do this in a vacuum. In particular, I should give credit to OFAC's unprecedented working relationship with DEA. While OFAC works with all the law enforcement agencies - as well as with State, Justice, Defense, Homeland Security, and the Intelligence Community - and has enjoyed many successes with them, OFAC's counter-narcotics designations sections and our three foreign Attaché offices work especially closely with DEA and its agents in the field. Instrumental to OFAC's success is DEA Financial Operations. Pursuant to a Memorandum of Agreement between OFAC and DEA, since 1999, OFAC has assigned one investigator to work part-time at DEA Headquarters; and in the last several years this has been with DEA Financial Operations. DEA Financial Operations has also assisted OFAC with developing relationships in the field. In March of this year, an agent from Financial Operations travelled with OFAC representatives to meet with DEA offices in San Diego and Phoenix. As a result of these meetings, OFAC has developed closer working relationships with these field divisions. In fact, OFAC has one investigator temporarily assigned to DEA-Phoenix; and one investigator will soon be temporarily assigned TDY to DEA-San Diego. In addition, OFAC is analyzing an offer to position an investigator with DEA in Guadalajara, Mexico. I believe it is a mutually beneficial relationship that will and should continue. I want to thank

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DEA, in particular DEA-Financial Operations, for their strong partnership in support to OFAC's counter-narcotics program.

The Colombia Model

The Kingpin Act is modeled upon the successful Colombia program – the original Specially Designated Narcotics Trafficker (“SDNT”) program. In 1995, President Clinton, invoking his powers under the International Emergency Economic Powers Act (IEEPA), found that there was a significant threat to the national security, foreign policy and economy of the United States posed by Colombian narcotics traffickers. On October 21, 1995, President Clinton signed Executive Order 12978, “Blocking Assets and Prohibiting Transactions with Significant Narcotics Traffickers.” The program has enjoyed enormous successes in the United States and in Colombia. OFAC's work has been instrumental in dismantling the Cali cartel and also key elements of the Norte Valle cartel. Additionally, the cooperation we receive from the Colombian government and the Colombian business and financial community is extraordinary. OFAC, through its Attaché office, works closely not only with other elements of the U.S. Embassy in Bogota, Colombia and U.S. law enforcement, but also with the Colombian *Fiscalia*, the Colombian National Police and the Colombian Financial Intelligence Unit (the *UIAF*), to identify and designate the financial and commercial networks of Colombian traffickers. Many non-U.S. banks have, as a routine practice, closed the accounts of all persons (individuals and entities) on OFAC's list. For example, many Latin American banks have advised OFAC that they rely on the list as part of their due diligence in identifying high-risk account holders. Non-U.S. companies that have no obligation to comply with U.S. sanctions often refuse to work for, supply, or otherwise do business with designated commercial enterprises or employ persons on

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OFAC's list, thereby further isolating them commercially. As a result, designated persons are impeded from functioning effectively in the legitimate economy or business world.

OFAC-Bogota also works closely with the Colombian banks to shut down the banks accounts of those individuals and entities designated by OFAC. Though not required by Colombian law, Colombian banks, as a general rule, seeking to protect their reputation and correspondent banking relationships with U.S. banks, refuse services to anyone on OFAC's designation list. The cooperation we receive from the non-U.S. business and Colombian banking industry was originally an unexpected consequence of the sanctions program; and over the nearly 14 years of the SDNT program, it has become a routine practice as well as a large contributor to the program's success.

There are some differences between the Colombia program under IEEPA and the Kingpin Act, which targets Mexican traffickers as well as other drug kingpins around the world; but generally, the programs are very similar.

The Kingpin Act and Mexico

Since 2000, the President has identified 37 Tier I Kingpins in Mexico, and OFAC has designated just over 250 "Tier II" individuals and entities working for or on behalf of Mexican traffickers and their organizations. OFAC's Tier II designations have targeted the finances of the Arrellano Felix Organization, the Arriola Marquez Organization, the Amezcua Contreras Organization and also of Sinaloa drug cartel leaders, Joaquin "Chapo" Guzman Loera, Victor Cazares Salazar, and Ismael "Mayo" Zambada Garcia. In December 2007, OFAC targeted Tier I Kingpin Victor Cazares Salazar and his sister Blanca Cazares Salazar, a key Sinaloa Cartel money launderer. Included in this designation action package were a popular Tijuana restaurant, several unregulated money service businesses, and a 20-store chain of jewelry and cosmetic

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boutiques. Additionally, after the designation, OFAC supplied Mexican authorities with information related to several of the designated individuals, and Mexican authorities were able to arrest 6 individuals on money laundering charges.

In October 2008, OFAC designated ten individuals and 6 entities associated with a pseudoephedrine diversion cell operating on behalf of the Amezcua Contreras Organization – a methamphetamine organization. The focus of the designation was *Productos Farmaceuticos Collins*, a company long suspected of diverting pseudoephedrine to methamphetamine producers. After the designation, the Mexican PGR came forward and linked this pseudoephedrine diversion cell with *La Familia Michoacana*, which, as I mentioned, President Obama subsequently identified on April 15, 2009 as a Tier 1 trafficker. U.S. banks blocked approximately \$2.7 million in the United States, and a \$2 million contract to purchase an airplane was cancelled as a result of this designation.

President Calderon's resolve to combat drug trafficking organizations in Mexico has led to increased cooperation and sharing of information between Mexican authorities and OFAC. For example, since President Calderon took office in 2006, Mexican law enforcement has consulted with OFAC regarding seizure warrants issued against the Arrellano Felix Organization. OFAC's May 2007 designation targeted Ismael "Mayo" Zambada and his network of key family members and criminal associates. Vicente Zambada Niebla, the son of "Mayo" who was among the May 2007 designees, was arrested in March of this year.

OFAC sanctions work in part because they expose and delegitimize businesses owned or controlled by drug traffickers, identifying them as money laundering fronts used to penetrate the legitimate economy with the proceeds of illicit action. In addition, OFAC sanctions are an encouragement to Mexican authorities to take action, therefore diminishing the impact of

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possible corruption or intimidation by drug traffickers. Blanca Cazares Salazar's jewelry and cosmetics chain, *CHIKA*'s, is a good example. Cazares Salazar's group of six interrelated companies centered around *CHIKA*'S, a chain of approximately 20 jewelry and cosmetics boutiques located in eight Mexican states, which are operated by *Sin-Mex Importadora S.A. de C.V.* in Mexico City and *Comercializadora Jalisco S.A. de C.V.* in Guadalajara, Jalisco. This particular network of Blanca Cazares Salazar front companies also uses the entities *Comercializadora Toquin*, *Comercial Joana*, *Comercial Domely* and *Comercializadora Brinar*'s to facilitate the stores' transactions both internationally and within Mexico.

OFAC continues to target an organization even if as it evolves to evade OFAC sanctions. OFAC has seen organizations blatantly incorporate new companies in order to attempt to "get around" OFAC sanctions. The drug trafficking organizations can run, but they can't hide. OFAC doesn't stop after one round of designation. The Arrellano Felix Organization, which is near decimation, has been an OFAC target in six Tier II actions.

OFAC is beginning to see voluntary compliance in Mexico similar to that we experience in Colombia. Screening against the OFAC list in Colombia has become the norm. The same has not been true in Mexico, despite an increase in voluntary compliance. However, in the past two to three years, OFAC has observed that the Mexican banks are increasingly willing to screen the OFAC list; and, consequently, Mexican banks have identified and/or blocked considerable sums of money pursuant to investigations by Mexican authorities which are tied to OFAC's targets. Mexican banks have also reached out to banking authorities for guidance on how to handle assets associated with individuals or entities on the OFAC list. OFAC continues to work with the Mexican banking industry. The OFAC Attaché in Mexico City regularly meets with leaders from the various Mexican banks. Also, for the past six years, the OFAC Attaché and sometimes

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other OFAC officials have attended the annual Mexican Bank Association Conference on the Prevention of Money Laundering and Terrorist Financing, including presentations by the OFAC Director and Attaché.

In addition to our work with DEA, ICE, FBI and other government agencies and our cooperation with Mexican law enforcement, OFAC conducts its own investigations generated by leads arising from previous designations. An OFAC designation will generally result in the identification of assets in Mexico, the U.S. or elsewhere. OFAC will follow-upon these leads and “follow the money.”

Impact of Counter-Narcotics Sanctions

According to Colombian narcotics traffickers, there are three things that they fear: 1) arrest and extradition to the United States; 2) seizure of assets; and 3) **OFAC’s SDN List**. Interviews of Mexicans placed on OFAC’s list for acting for or on behalf of drug traffickers suggest that Mexican traffickers feel the same way. Traffickers fear the OFAC list because OFAC sanctions work. Drug traffickers rely on a vast support network, including money launderers, transportation, logistics, procurement, communications, security and other personnel, to support their nefarious activities. They need to disguise their enormous profits in ostensibly legitimate businesses – drug stores, pharmaceutical manufacturers, real estate companies, a beach front resort, an armored truck company, a restaurant, a retail chain, cattle businesses, a working dairy farm, daycare centers, money service businesses. All of these illicit businesses undermine the integrity of the financial system. Working closely with our law enforcement partners in the U.S. and in Mexico, OFAC is working hard to identify the individuals working on behalf of and materially assisting the drug trafficking organizations. OFAC sanctions enable us

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not only to protect the integrity of the financial system, but to also strike hard at the heart of the financial operations of illicit actors.

The April identification of three drug trafficking organizations is an expansion of a nine-year program under the Kingpin Act. It lays the groundwork for OFAC to deny these groups and those who work on their behalf access to the U.S. financial system, prohibiting them from all trade and transactions with U.S. companies and individuals, and immobilizing any assets they may have under U.S. jurisdiction. Pursued in concert with Mexican authorities, these actions can lead to asset blockings and forfeitures and other Mexican law enforcement operations that hit the cartels where it hurts. As we have seen in other parts of the world, this two-pronged attack can disrupt and even disable drug cartels as they lose access to their bank accounts, corporate holdings, and property. President Obama's announcement is just the beginning of the disruption and isolation of the Sinaloa Cartel, Los Zetas and La Familia Michoacana.

Illicit Arms Traffic

I also want to briefly describe how OFAC can assist in the pursuit of and impeding illicit arms traffickers. Under its Kingpin Act authorities, OFAC may designate for sanctions those "materially assisting" the narcotics trafficking activities of a Tier I kingpin. Similarly, OFAC may designate as a Tier II kingpin derivative, those who are acting for or on behalf of or who are owned or controlled by individuals or organizations already named as either Tier I kingpins or Tier II derivatives. Thus, those persons in Mexico involved in the illicit arms trade could be subject to designation under the Kingpin Act. Additionally, those U.S. companies or individuals supplying arms to persons designated under the Kingpin Act may be subject to criminal penalties up to \$10,000,000 per corporation, 10 years in prison for ordinary individuals, and up to 30 years in prison and or \$5,000,000 in fines for corporate officers, directors, or agents. There are also

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civil penalties of up to \$1,075,000. OFAC has begun discussions with the ATF to determine how to utilize these Kingpin Act authorities in addition to those already available to ATF, ICE, and CBP.

Conclusion

The Kingpin Act program administered by OFAC provides a powerful mechanism for acting against the threat to the United States posed by foreign narcotics cartels whether in Mexico or elsewhere. In the case of our southern neighbor, OFAC's employment of the Kingpin Act authorities provides a growing opportunity for partnership in combating the scourge of the drug trafficking organizations. It is a force multiplier, and it presents opportunities not only in support of efforts by DEA and other U.S. criminal enforcement agencies, but also to Mexican authorities. The Kingpin Act is an important element in achieving a unity of effort among U.S. federal, state and local agencies and with our Mexican government counterparts, and in disrupting the infrastructures of the drug trafficking organizations and making the cost personal to the individuals who lead them.

Thank you very much for the opportunity to be here today. I welcome any questions.

Chairman TOWNS. Thank you so much for your testimony. Thank you.

To the Members, we have votes again. I understand there are three votes. What I would like to do, if we can finish the panel, because we do not know whether there will be some procedural votes or not, so we are not sure how long it will take. So what I would like to do, I would like to yield myself 2 minutes and then yield the ranking member 2 minutes and then yield you 2 minutes, and then we will be able to sort of finish up without having to delay them for the next hour or so.

So let me begin by, first of all, asking, you know, the average person has difficulty relating to the fact that we have problems in terms of the drug problems in Mexico. What do we say to the average person out there that we are concerned about what is happening in Mexico? How do we really explain that? Anyone. I guess Mr. Placido or Mr. Kibble. How do we explain to them our interest and our concerns?

Mr. PLACIDO. Certainly. Sir, it is an excellent question and I would answer it this way, that there is no country on the face of the earth that is probably more important to the United States than Mexico is to us. We share not only a common border, but immigration issues, trade, economy, the air we breathe, the water we drink, the water we use for irrigation and agriculture.

We are closely intertwined, and the national security implications of corruption, intimidation, violence, and instability in Mexico threaten us gravely because of our integrated economy and the integrated nature of our societies. I think it is not only a source of drugs, much of the drugs that are consumed and abused in the United States, but instability south of our border creates problems on a much broader scale.

Chairman TOWNS. Yes, go ahead, Mr. Kibble.

Mr. KIBBLE. Sir, the one thing I would add is it also, from the homeland security standpoint, represents a vulnerability in terms of our borders, and we have to be concerned that any smuggling network that can arbitrarily introduce contraband across our borders, we have to be concerned about them either knowingly or unknowingly facilitating the introduction of national security threats into the homeland. So, for those reasons, from the ICE perspective and the cross-border criminal network perspective, we need to leverage all of our efforts collectively to shut down these networks.

Chairman TOWNS. I yield to the gentleman from California.

Mr. BILBRAY. I appreciate ICE's comments about anything and anyone who crosses the border without being checked is a potential threat. So we have to tie that together.

I am going to ask about the Merida Initiative, but, up front, the laundering of the profits is something we don't talk enough about, and we have traditionally RICO provisions here—and anybody can jump into this—the requiring viable identification at the time that any individual opens a bank account.

The previous administration not only did not enforce it, but endorsed bank accounts being opened with less than secure identification. You know exactly what I am talking about. Are we doing anything to shut down that opportunity to have thousands of bank accounts opened up to where we really don't know who opened those

accounts? Are we going back and addressing these issues where we are requiring now a viable ID be issued before we open an account, the way it used to be before the previous administration? Anybody want to comment on that?

Mr. MCBRIEN. Mr. Bilbray, I am from Treasury, but I have to admit that I am not in a position to comment on that because that is not part of what the Office of Foreign Assets Control deals with.

Mr. BILBRAY. I just tell you in San Diego it is a hot issue that you can go to any consulate, get a consulate card without any ID to prove that you are who you say you want to be; and not only were the banks allowing it, but they were condoned by the Bush administration, opening these accounts with no oversight to prove that this was a viable ID. Why have a law if we are not going to apply it to everybody? So I raise that.

What are we doing with the Merida Initiative? I am very concerned about two things. Anyone who participates in Mexico in our process, they and their families are going to be suspect. Is there anybody here who can talk about this openly and how we are cooperating and how we are training and how we are supplying Mexico to win the war on their soil before it gets to ours?

Mr. PLACIDO. Certainly, sir. Excellent question. I think, as was said on the first panel, there was concern that—I think the way it was characterized is we are one assassination away from having the Merida plan fail. I don't know that I would go that far, but I would certainly say that the Mexican partners with whom we work are extraordinarily vulnerable for their participation with us and for their bold and decisive actions against the cartels.

In response to that, there is a great deal of work going on and, under Merida, some of the things that are going on are executive protection plans and training for senior level officials; of course, the vetting that has been discussed in terms of the integrity and the capability of the people that we work with; but there is also institution building, and I think that is the long-term piece of this, is to buildup and develop the courts and the prosecutor cadre so that they take on this problem internally in their own country and break the impunity of these criminal organizations is the long-term solution.

Mr. BILBRAY. Mr. Chairman, I know my time has expired. I want to point out that one of the crisis—to show you how tough it is—to hold court, you have to hide the identity of the judge, because they not only assassinate judges, they assassinate families.

I am going to make a public statement. I think the Merida Initiative should bring young people in from the central part of Mexico and the south, bring them into the United States, we train them here, we keep them here until they are able to do their operations, because as soon as you identify them in Mexico, their family and they are at risk; and as soon as you leave them long periods of time in that environment, they are susceptible for influence by the cartels.

So, as a layman who has worked on criminal justice issues along the border a long time, I think we need to be serious about bringing these young men into the United States, train them, keep them here, and allow them to do their job in Mexico when they need to

be done, but protect them and their families while they are doing those jobs.

Thank you very much, Mr. Chairman. I appreciate it.

Chairman TOWNS. Thank you very much.

We are running out of time here, we have to go vote.

What can we do to assist you in making certain that you are very successful in your endeavors? What can the Congress do? In other words, let's switch roles for a moment.

Mr. PLACIDO. Well, sir, Mr. Chairman, I appreciate the question. I think the first thing all the witnesses at this table would have to say is we support the President's budget.

But clearly resource constraints are an issue that face us. With \$1.4 billion over 3 years projected in the Merida Initiative to assist the governments of Mexico and Central America, there has been relatively little spent on the domestic side of this equation to help the U.S. agencies that must work with them. We are doing the best that we can to prioritize our resources and work within the existing budget constraints, but it is difficult to increase the operational temp of our foreign counterparts without a corresponding ability to do something on the U.S. side.

Mr. BILBRAY. You want to comment on the lack of jail space?

Mr. PLACIDO. Outside of my bailiwick, sir.

Mr. BILBRAY. Anybody want to comment on that? OK, for the record, we are grossly deficient where we have to choose winners and losers, and this is not a time to do that.

Thank you, Mr. Chairman. I appreciate the hearing.

Chairman TOWNS. Thank you very much.

Just quickly for the record, DEA and ICE, you guys getting along now? [Laughter.]

Mr. PLACIDO. Yes, we are, sir.

Chairman TOWNS. We purposely put you together. Thank you very much.

Mr. BILBRAY. So you are not deporting his mother? That is nice of him.

Chairman TOWNS. Let me just say, first of all, that completes the questioning of this panel. Of course, I would like to give the Members an opportunity to put their opening statements in the record. Without objection, so ordered.

Let me just thank all of you witnesses and Members who attended this hearing today. Please let the record demonstrate my submission of a binder with the documents relating to this hearing. Without objection, I enter this binder into the committee record.

Without objection, the committee stands adjourned. Thank you so much for coming.

[Whereupon, at 2:18 p.m., the committee was adjourned.]

[The prepared statements of Hon. Diane E. Watson and Hon. Gerald E. Connolly and additional information submitted for the hearing record follow:]

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Opening Statement
Congresswoman Diane E. Watson
Full Committee Hearing
Committee on Oversight and Government Reform
Thursday, June 8, 2009
10:00 A.M.

"The Rise of the Mexican Drug Cartels and U.S. National Security"

Mr. Chairman, thank you for holding this important hearing which will examine the Federal Government's efforts to combat drug smuggling in the United States, violence associated with Mexican drug cartels, and progress made in combating drug trafficking on the Southwest border region.

Over the past ten years Mexico has become a major hub for the production and transportation of illicit drugs. According to the Congressional Research Service, Mexico is now the main foreign supplier of

marijuana and a major supplier of methamphetamine to the U.S.

Even though there has been a significant rise in drug related violence in Mexico it has failed to spill over into the United States. However, I do have major concerns about the relationship between the potential role Los Angeles gangs have in drug violence in Mexico. My main concern is if any of this violence is related to South Los Angeles gangs such as the Mexican Mafia and 18th Street. These gangs have a long history of family ties, extreme violence, and tremendous influence in Mexico. I hope if there is any connection between these gangs and drug related violence in Mexico that the panelists can elaborate a little more.

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Over the past ten years, Los Angeles has experienced an increase in violence between Blacks and Latinos. A lot of this violence has been attributed to hate or gang related incidents, but I think there may be an underlining conflict over drug territory.

Mr. Chairman, thank you again for holding this hearing and I look forward to the testimonies of our panelists, and yield back the remainder of my time.

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Opening Statement of Congressman Gerald E. Connolly
“The Rise of Mexican Drug Cartels and U.S. National Security”

Committee on Oversight and Government Reform

July 9th, 2009

Thank you, Chairman Towns for convening this important hearing. With such a complex topic we will have an opportunity to explore many policies that could reduce drug-related violence in the United States. I would like to focus on two topics: the role of guns in Mexican drug cartels and the possibility of advanced crime reduction campaigns to break apart drug rings.

According to the Bureau of Alcohol, Tobacco, and Firearms (ATF), approximately 87% of guns used by Mexican cartels can be traced to U.S. sources. As reported by USA Today, the ATF found that as many as 2,000 guns from America enter Mexico daily. In a report issued this year, the GAO states, “Available evidence indicates many of the firearms fueling Mexican drug violence originated in the United States, including a growing number of increasingly lethal weapons.” Fully 40% of guns obtained in the U.S. are acquired via sales without a background check either from gun shows or private sources. It is imperative to identify how criminals involved in the drug trade use guns acquired from U.S. sources to conduct their trade, because that has a direct impact on spillover violence that can affect innocent Americans and destabilize communities. When I recently met with the Mexican Attorney General he identified the flow of guns across the U.S. border as his number one concern with respect to combating drug-related violence in his country. Here are some examples of how the gun show loophole has enabled criminals to use guns in Mexican drug-related violence:

- In December 2007, ATF agents seized a cache of 62 military grade weapons, many of which had been purchased at gun shows. The shipment, which included AK-47's, other assault rifles, handguns and an Uzi, was intended for gang members in Mexico and Los Angeles.
- One ATF investigation found that one arms trafficker - a convicted felon - regularly purchased weapons at gun shows and trafficked more than 1,000 arms across the border to Mexico. One of the guns was recovered in a raid of a Mexican drug czar's apartment and another was used in a shoot-out where two Mexican military officials were killed.
- In February 2001, a 15-month ATF investigation of Arizona gun shows culminated in 181 arrests and the seizure of more than 1,500 guns. The investigation began after law enforcement witnessed a convicted murderer purchasing a gun in a private sale. One Tucson vender sold guns to a federal agent after being told they were to be trafficked to Mexico, while another was found in possession of some seventy guns connected to homicides and other crimes.

- J&W Gunsmith sold large quantities of guns to Lowell Ronald Wilson, a convicted felon, who would then resell the firearms at area gun shows. One of the firearms sold by Wilson at a gun show was used to kill police officer Michael Moore in Garland, Texas on February 15th, 1997, while other firearms sold by Wilson at guns shows were recovered in crimes committed in Mexico, Virginia, and Illinois.

I would hope that this hearing could help identify avenues by which guns are acquired, transported, and used by criminals associated with Mexican drug cartels, because that could shed light on policies that could restrict the supply of guns to drug dealers.

Following the failure of “three strikes,” mandatory probation, and other approaches to punishment for crime, criminologists have made significant progress developing comprehensive crime reduction programs that use a range of prevention, intervention, and punishments. For example, John Jay College professor David Kennedy developed a gang reduction strategy called Ceasefire that has led to dramatic reductions in gang related violence in Cincinnati, Ohio, Providence, Rhode Island, and High Point, North Carolina. The Ceasefire program combined prevention activities such as counseling and job placement with intervention targeted at individual gang members and more aggressive investigations to catch criminals who did not respond to prevention or intervention. Ceasefire relies on thorough knowledge of the leadership structure of gangs to dismantle them member by member, similar to the military’s attempts to break down Al Qaeda’s leadership.

In Fairfax County, we had similar success with a comprehensive gang reduction strategy based on prevention and intervention, reducing school-aged gang participation by 50%.

I look forward to exploring these and other topics at today’s hearing and thank the Chairman for creating this opportunity for us to be involved in this very important issue.

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EDOLPHUS TOWNS, NEW YORK
CHAIRMAN

DARRELL E. ISSA, CALIFORNIA
RANKING MINORITY MEMBER

ONE HUNDRED ELEVENTH CONGRESS

Congress of the United States**House of Representatives**

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

Majority (202) 225-5051
Minority (202) 225-5074

June 4, 2009

The Honorable Eric H. Holder, Jr.
Attorney General of the United States
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, D.C. 20535

The Honorable Janet Napolitano
Secretary of Homeland Security
U.S. Department of Homeland Security
Washington, D.C. 20528

Dear Attorney General Holder and Secretary Napolitano:

Under Rules X and XI of the Rules of the House of Representatives, the Committee on Oversight and Government Reform is continuing its examination of Federal efforts to combat drug smuggling on the U.S. Southwest border. Mexico's Northern border communities have experienced unprecedented violence over the past eighteen months. While the drug-related violence has remained largely within Mexico, concerns have surfaced that activities associated with Mexico's drug cartels are increasingly present in the United States. Indeed, press reports point to a number of cartel-related kidnappings in Arizona, while other reports document the presence of cartel distribution activities in a number of major U.S. cities. Though there is little evidence that innocent Americans are being targeted by cartels, there remains the possibility that this violence could ultimately manifest itself more broadly in U.S. communities, which are used as a base for storing or distributing drugs.

In the course of the Committee's investigation, however, an important issue related to coordination and cooperation between two key counternarcotics agencies has surfaced. This issue, which is the subject of this letter, should be urgently addressed by your respective offices, and we look forward to working with you on how best to proceed.

The Drug Enforcement Administration (DEA), an agency within the Department of Justice, is the Federal law enforcement agency whose primary mission is to enforce the

The Honorable Eric H. Holder, Jr.
The Honorable Janet Napolitano
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controlled substances laws and regulations of the United States. As part of its mission, DEA attempts to interdict drug smuggling and to dismantle or disrupt drug trafficking networks and organizations, both domestically and internationally. Currently, DEA operates in all 50 states and has offices in more than 67 countries throughout the world. Immigration and Customs Enforcement (ICE), an agency within the Department of Homeland Security, focuses on enforcement of immigration and customs laws within the United States. Its mission is to protect national security by deterring, interdicting, and preventing the unlawful movement of people and goods, including illegal drugs, across U.S. borders. ICE also has a sizable international presence with more than 50 offices abroad.

While both DEA and ICE remain actively involved in counternarcotics, full collaboration and cooperation between the two agencies continues to face challenges. In 1994, DEA and the U.S. Customs Service (now ICE)¹ entered into a complex memorandum of understanding (MOU) which was originally designed to enhance drug enforcement strategy and collaboration. This MOU permitted DEA to cross-designate Customs agents to enforce controlled substance laws in Title 21 of the United States Code. The purpose of this MOU was to enhance the overall drug enforcement strategy of the Federal Government by allowing Customs agents to pursue drug investigations when drugs were being smuggled across a border or through a point of entry. It was also envisioned that this MOU would promote coordination, cooperation, and communication between the two agencies. Finally, this MOU was supposed to provide a formal framework for both agencies to “de-conflict” activities related to counternarcotics operations and investigations and, thereby, avoid dangerous, duplicative activities that could jeopardize both law enforcement personnel and complex cases.

A recent study by the Government Accountability Office (GAO), however, found that disputes about how to interpret the 1994 MOU have plagued both agencies since its inception and continue to hinder cooperation between the two agencies today.² For example, while authorizing cross-designated ICE agents to investigate organizations and individuals across U.S. borders or through ports of entry, the MOU fails to define strict parameters for what constitutes a “border” or “port-of-entry” smuggling investigation. Consequently, ICE interprets its enforcement authority under the MOU as being applicable to all ICE investigations of drug trafficking that have a demonstrated nexus to the border, including investigations that extend into the U.S. interior. According to GAO’s analysis, DEA’s view of what constitutes a “port of entry” or “border smuggling” investigation, however, is far narrower in scope.³ The friction related to this MOU is particularly pronounced when border or port-of-entry cases take ICE agents into the interior of the U.S. to conduct counternarcotics operations (such as controlled deliveries) or related investigations.

¹ ICE was created in 2003 under the Homeland Security Act of 2002. Before 2003, many of ICE’s functions were performed by elements within the United States Customs Service, the Immigration and Naturalization Service, and the Federal Protective Service.

² See “Drug Control: Better Coordination with the Department of Homeland Security and an Updated Accountability Framework Can Further Enhance DEA’s Efforts to Meet Post-9/11 Responsibilities,” GAO-09-63, United States Government Accountability Office, March 2009.

³ *Id.*

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The Honorable Janet Napolitano
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GAO's evaluation also found that confusion in this MOU has led to a disagreement between the two agencies regarding the scope of supervision that DEA must exercise over ICE during a drug-related investigation. This has led to frustration by officials from both agencies, with some ICE officials now officially seeking formal statutory Title 21 authority. Because the 1994 MOU lacks clarity and has thus resulted in confusion, important counternarcotics collaboration between the two agencies has suffered.⁴

Indeed, as part of the Committee's investigation into Southwest border violence and drug smuggling, problems related to collaboration and coordination between DEA and ICE have recently surfaced on a number of occasions through staff interviews and visits to drug enforcement-related facilities. Committee staff was repeatedly told by both DEA and ICE officials that problems between the two agencies involving coordination related to counternarcotics activities persist. This includes areas related to drug investigations generally, and the sharing of critical counternarcotics information related to ongoing criminal organizations or related activities. As one example of this failure to adequately collaborate, both DEA and GAO have raised concerns that ICE is providing only limited information to the Special Operations Division and is not participating in the Organized Crime Drug Enforcement Task Force Fusion Center (OCDETF Fusion Center). These entities, both of which were visited by Committee staff, are sophisticated coordination centers designed to bring information and law enforcement agencies together to enhance federal counternarcotics capabilities.

In an effort to enhance drug enforcement capabilities, increase overall efficiency, and prevent potentially dangerous duplication of effort between the two agencies, GAO made a number of significant recommendations in its March 2009 report. The recommendations essentially direct both the Attorney General and the Secretary of Homeland Security to expeditiously and jointly develop a new MOU or other mechanism to "(1) clarify their respective departments' counternarcotics roles and responsibilities, particularly those of DEA, ICE, and CBP [U.S. Customs and Border Protection], (2) provide efficient procedures for cross-designating ICE agents to conduct counternarcotics investigations, and (3) standardize procedures for handling illegal drugs seized at the nation's borders and making referrals to DEA."⁵ GAO also recommended that to further agency cooperation in combating drug smuggling and to help improve operations across both ICE and DEA, the Secretary of DHS should: (1) direct ICE to contribute all relevant drug-related information and data to the Special Operations Division; and (2) ensure that ICE fully responds and that the Secretary of Homeland Security should: (a) direct ICE to participate in the OCDETF Fusion Center; and (b) ensure that ICE fully responds.⁶

Committee staff met with senior officials from both DEA and ICE to better understand the path forward for both agencies regarding this important matter. According to staff, it was not clear that a mutual plan exists on how to reconcile these differences or whether the GAO recommendations would be fully implemented. Given the nature of the ensuing violence along the Southwest border, and the lessons that should have already been garnered as a result of law

⁴ Id.

⁵ Id., page 54.

⁶ Id., pages 54-5.

The Honorable Eric H. Holder, Jr.
The Honorable Janet Napolitano
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enforcement agencies failing to adequately coordinate before 9/11, we urge you to direct your attention to addressing the issues raised in the GAO report. Moreover, we are specifically asking that you address the following:

1. To what extent and how do both DOJ and DHS (through your direction) intend to fully and timely implement the recommendations made with regard to DEA and ICE by GAO's March 2009 report (GAO-09-63)? In your respective roles as Attorney General and Secretary of Homeland Security, please describe the process (and time table) that will be used to implement those recommendations and the efforts you have made to date to implement those recommendations, or alternatively, please explain why the departments do not intend to implement the recommendations.
2. In meetings with agency officials, Committee staff found that it was not clear who at either the Department of Justice or the Department of Homeland Security would be the lead representative for pursuing a strategy for resolving the ongoing collaboration and coordination concerns raised by the GAO report and observed by staff as part of this Committee's investigation. Please describe whether a strategic plan exists for pursuing these concerns and who from each Department will be responsible for addressing them. As part of this effort, please also provide expected milestones for setting up a framework to address these concerns. Also, please advise whether any department-level officials have been involved in attempting to resolve differences between the components or whether the departments have sought assistance from DOJ's Office of Legal Counsel.
3. Please address whether your respective Department believes that the changes associated with GAO's formal recommendations, specifically those designed to enhance collaboration between DEA and ICE, will require legislation or whether you believe these changes can be addressed administratively, such as through a revised MOU. What is the basis for this view?
4. Please indicate specifically what issues have been preventing ICE from providing all drug-related information to the Special Operations Division and joining the OCADETF Fusion Center. Also, senior ICE officials intimated to staff that they expected ICE to be a full participant of both centers shortly. Please provide an estimated date for when ICE expects to be a full participant in both centers, and please describe and explain whether there are any anticipated limitations to ICE's participation.
5. Pursuant to 31 U.S.C. § 720, when GAO makes a report that includes a recommendation to the head of an agency, the head of the agency must submit a written statement on the action taken and submit that statement to the House Committee on Oversight and Government Reform and the Senate Committee on Governmental Affairs before the 61st day after the date of the report. Based on the date of the GAO report (March 20, 2009), we calculate May 20, 2009 to be the due date for your written statements to our committee. What is the status of these statements?

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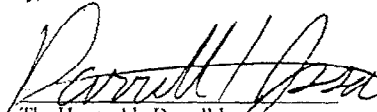
The Honorable Eric H. Holder, Jr.
The Honorable Janet Napolitano
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Thank you very much for your consideration of these important law enforcement matters. Please provide a response no later than June 12, 2009. Should you have any questions about this request, please contact Christopher Knauer or Kevin Barstow of the Majority staff or Tom Alexander of the Minority staff at 202-225-5051 or 202-225-5074, respectively. Given the ongoing concerns related to drug smuggling violence along the Southwest border, your prompt attention to this matter is greatly appreciated.

Sincerely,



The Honorable Edolphus Towns
Chairman
Committee on Oversight and
Government Reform



The Honorable Darrell Issa
Ranking Minority Member
Committee on Oversight and
Government Reform

NATIONAL SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY



OFFICE OF NATIONAL DRUG CONTROL POLICY

June 2009

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NATIONAL SOUTHWEST BORDER COUNTERNARCOTICS STRATEGY



OFFICE OF NATIONAL DRUG CONTROL POLICY

June 2009

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MESSAGE FROM THE DIRECTOR

I am pleased to transmit the 2009 National Southwest Border Counternarcotics Strategy, consistent with the provisions of Section 1110 of the Office of National Drug Control Policy Reauthorization Act of 2006 (Public Law 109-469).

The original National Southwest Border Counternarcotics Strategy was published in 2007 and focused primarily on what the entities of the U.S. Federal Government could do to prevent the illegal trafficking of drugs across the border with Mexico. In the time since, Mexican President Felipe Calderon has embarked on a courageous campaign to break the power of the drug cartels operating in his country. Through the Merida Initiative, the United States is supporting Mexico's efforts and helping to strengthen law enforcement and judicial capacities in the region. As the cartels battle the Mexican Government and one another, we have seen significant disruptions in the availability of such drugs as cocaine and methamphetamine in U.S. markets. There has also been a significant increase in violence within Mexico, making the need for a revised National Southwest Border Counternarcotics Strategy all the more important as part of a comprehensive national response.

As a result of the changing situation on the border, the 2009 National Southwest Border Counternarcotics Strategy has expanded its focus beyond stemming the inbound flow of illegal drugs from Mexico. It also recognizes the role that the outbound flow of illegal cash and weapons plays in sustaining the cartels and addresses this threat in two dedicated chapters. The strategy also is the result of an expanded consultation process, including more thorough coordination with Congress, State and local authorities, and the Government of Mexico.

I would like to thank the Department of Homeland Security, Office of Counternarcotics Enforcement, and the Department of Justice, Office of the Deputy Attorney General, for the leadership role they played as Executive Agents in the development of this strategy. Along with the Merida Initiative; the Administration's recently announced increases in border related personnel and equipment; the development of the Department of Homeland Security's operations plan for border related contingencies; and our national effort to reduce the demand for illegal drugs at home, the National Southwest Border Counternarcotics Strategy is a key component of our comprehensive national response to the threat along the border. I thank the Congress for its support and ask that it continue to support this critical endeavor.



R. Gil Kerlikowske
Director
Office of National Drug Control Policy

[Complete Rpt. Available at Cmte.
of ONDCP office records]

GAO United States Government Accountability Office
Report to Congressional Requesters

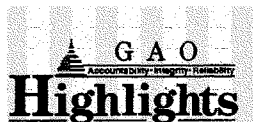
June 2009

FIREARMS TRAFFICKING

U.S. Efforts to Combat Arms Trafficking to Mexico Face Planning and Coordination Challenges



GAO-09-709



Highlights of GAO-09-709, a report to congressional requesters

Why GAO Did This Study

In recent years, violence along the U.S.-Mexico border has escalated dramatically, due largely to the Mexican government's efforts to disrupt Mexican drug trafficking organizations (DTO). U.S. officials note the violence associated with Mexican DTOs poses a serious challenge for U.S. law enforcement, threatening citizens on both sides of the border, and U.S. and Mexican law enforcement officials generally agree many of the firearms used to perpetrate crimes in Mexico are illicitly trafficked from the United States across the Southwest border.

GAO was asked to examine (1) data on the types, sources, and users of these firearms; (2) key challenges confronting U.S. government efforts to combat illicit sales of firearms in the United States and stem the flow of them into Mexico; (3) challenges faced by U.S. agencies collaborating with Mexican authorities to combat the problem of illicit arms; and (4) the U.S. government's strategy for addressing the issue. GAO analyzed program information and firearms data and met with U.S. and Mexican officials on both sides of the border.

What GAO Recommends

GAO is making recommendations to several departments, including the Departments of State, Homeland Security, and Justice, to improve interagency coordination, data gathering and analysis, and strategic planning. State and DHS agreed with our recommendations. Justice did not comment on our recommendations.

View GAO-09-709 or key components. For more information, contact Jess T. Ford at (202) 512-4128 or fordj@gao.gov.

June 2009

FIREARMS TRAFFICKING

U.S. Efforts to Combat Arms Trafficking to Mexico Face Planning and Coordination Challenges

What GAO Found

Available evidence indicates many of the firearms fueling Mexican drug violence originated in the United States, including a growing number of increasingly lethal weapons. While it is impossible to know how many firearms are illegally smuggled into Mexico in a given year, about 87 percent of firearms seized by Mexican authorities and traced in the last 5 years originated in the United States, according to data from Department of Justice's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). According to U.S. and Mexican government officials, these firearms have been increasingly more powerful and lethal in recent years. Many of these firearms come from gun shops and gun shows in Southwest border states. U.S. and Mexican government and law enforcement officials stated most firearms are intended to support operations of Mexican DTOs, which are also responsible for trafficking arms to Mexico.

The U.S. government faces several significant challenges in combating illicit sales of firearms in the United States and stemming their flow into Mexico. In particular, certain provisions of some federal firearms laws present challenges to U.S. efforts, according to ATF officials. Specifically, officials identified key challenges related to restrictions on collecting and reporting information on firearms purchases, a lack of required background checks for private firearms sales, and limitations on reporting requirements for multiple sales. GAO also found ATF and Department of Homeland Security's (DHS) U.S. Immigration and Customs Enforcement, the primary agencies implementing efforts to address the issue, do not effectively coordinate their efforts, in part because the agencies lack clear roles and responsibilities and have been operating under an outdated interagency agreement. Additionally, agencies generally have not systematically gathered, analyzed, and reported data that could be useful to help plan and assess results of their efforts to address arms trafficking to Mexico.

U.S. law enforcement agencies have provided some assistance to Mexican counterparts in combating arms trafficking, but these efforts face several challenges. U.S. law enforcement assistance to Mexico does not target arms trafficking needs, limiting U.S. agencies' ability to provide technical or operational assistance. In addition, U.S. assistance has been limited due to Mexican officials' incomplete use of ATF's electronic firearms tracing system, an important tool for U.S. arms trafficking investigations. Another significant challenge facing U.S. efforts to assist Mexico is corruption among some Mexican government entities. Mexican federal authorities are implementing anticorruption measures, but government officials acknowledge fully implementing these reforms will take considerable time, and may take years to affect comprehensive change.

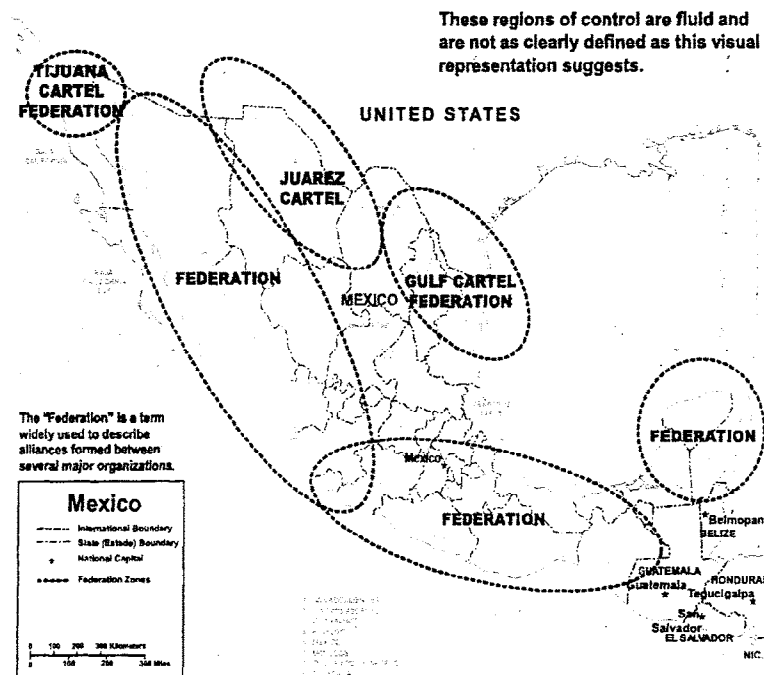
The administration's recently released National Southwest Border Counternarcotics Strategy includes, for the first time, a chapter on combating illicit arms trafficking to Mexico. Prior to the new strategy, the U.S. government lacked a strategy to address arms trafficking to Mexico, and various efforts undertaken by individual U.S. agencies were not part of a comprehensive U.S. governmentwide strategy for addressing the problem. At this point, it's not clear whether ONDCP's "implementation plan" for the strategy, which has not been finalized, will include performance indicators and other accountability mechanisms to overcome shortcomings raised in our report.

United States Government Accountability Office

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CRS-3

Figure 2. Mexican Cartel Areas of Influence



Source: U.S. Drug Enforcement Administration, adapted by CRS (P. McGrath 3/2/2007)

From January 2000 through September 2006, the Mexican government arrested over 79,000 people on charges related to drug trafficking. Of these arrests, some 78,831 are low level drug dealers. Mexico also arrested 15 cartel leaders, 74 lieutenants, 53 financial officers, and 428 hitmen (*sicarios*).⁴ Mexican authorities arrested nearly 10,000 people on drug-related charges from December 2006 through August 2007.⁵ On August 16, 2006, the United States Drug Enforcement Administration (DEA) and Coast Guard arrested Tijuana cartel leader Francisco Javier Arellano Felix, along with other Tijuana cartel leaders, on a boat off the Mexican coast.⁶ His brother, Francisco Rafael Arellano Felix, was extradited to the United States in September 2006. In January 2007, Mexico extradited 15 persons wanted for prosecution in the United States, including four senior drug traffickers. The drug traffickers included Osiel Cárdenas Guillén, the alleged head of the

⁴ Procuraduría General de la República, *Memoria Sexenal 2001-2006 de Acciones y Resultados del Programa Nacional para el Control de las Drogas*, December 2006.

⁵ President Felipe Calderón, *Mensaje a la Nación*, September 2, 2007.

⁶ Terry Frieden, "Sources: Mexican Cartel Leader Captured," *CNN*, August 16, 2006, accessed at [<http://www.cnn.com>] on August 16, 2006.

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Department of Justice

STATEMENT OF

**WILLIAM HOOVER
ASSISTANT DIRECTOR FOR FIELD OPERATIONS
BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES
UNITED STATES DEPARTMENT OF JUSTICE**

AND

**ANTHONY P. PLACIDO
ASSISTANT ADMINISTRATOR FOR INTELLIGENCE DIVISION
DRUG ENFORCEMENT ADMINISTRATION
UNITED STATES DEPARTMENT OF JUSTICE**

BEFORE THE

**UNITED STATES SENATE
COMMITTEE ON THE JUDICIARY
SUBCOMMITTEE ON CRIME AND DRUGS**

CONCERNING

"LAW ENFORCEMENT RESPONSES TO MEXICAN DRUG CARTELS"

PRESENTED

MARCH 17, 2009

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Chairman Durbin, Senator Graham and distinguished Members of the Subcommittee, the Department of Justice (the Department) is honored to appear before you today to discuss the Department's ongoing role in breaking the power and impunity of the Mexico-based criminal organizations that supply illicit drugs to the U.S., smuggle firearms from the U.S. into Mexico, and carry out unprecedented violence in Mexico and along the border.

No other country in the world has a greater impact on the drug situation in the United States than does Mexico: the result of a shared border, Mexico's strategic location between drug producing and consuming countries, and a long history of criminal enterprises with diversified poly-drug profit-minded approaches that specialize in cross-border smuggling. All four major drugs of abuse, cocaine, heroin, cannabis, and methamphetamine, are either produced in, or are transshipped through Mexico before reaching the United States. Mexico is an opium poppy-cultivating/heroin-producing country and nearly all of the heroin produced in Mexico is destined for the U.S. It is believed to be the number one foreign supplier of marijuana abused in the United States and marijuana is the top revenue generator for Mexican drug trafficking organizations; these proceeds are used to purchase weapons and corrupt public officials. Most foreign-produced methamphetamine enters the United States through Mexico. Although the Mexican government has made enormous strides in controlling the importation of the methamphetamine precursor chemicals, Mexican methamphetamine trafficking organizations are proving to be extremely resourceful in circumventing the strict regulatory measures put in place by the Calderon Administration. Moreover, upwards of

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90 percent of the cocaine abused in the U.S. transits Mexico. Mexican traffickers dominate the retail distribution markets for all of the aforementioned drugs within the U.S. It is important to point out that they exploit the very same routes, methods and procedures that they use to smuggle drugs into the U.S. to move the bulk cash proceeds from the sale of drugs, as well as weapons and ammunition, back into Mexico.

That violence, which is fueled by Mexico's drug cartels, poses a serious challenge for U.S. and Mexican law enforcement and threatens the safety of innocent citizens on both sides of the border. Reports indicate that the drug war has left more than 6,000 dead last year and more than 1,000 dead so far this year. By far, most of the killings are trafficker on trafficker murders; however, some innocents have been caught in the crossfire. The violence also has been directed against law enforcement personnel, political leaders, and the press. The U.S. Department of State has cautioned U.S. citizens who work and travel in Mexico to be wary of the ongoing danger in particular areas. Mexican President Felipe Calderon and Mexican Attorney General Eduardo Medina Mora have identified cartel-related violence as a top security priority and proclaimed the illegal trafficking of U.S.-source firearms to be the "number one" crime problem affecting the security of Mexico. Almost immediately following his inauguration as President of Mexico in December 2006, President Calderon, of his own volition, initiated a comprehensive program to break the power and impunity of the drug cartels. As a direct consequence of this effort, there has been a sharp spike in murders and violent crimes in Mexico, generating significant concern that cartel violence has escalated to the

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level of an attack on the Mexican government itself and that this violence would spill over our Southwest border with adverse consequences to U.S. interests.

The increased level of violence that currently plagues Mexico represents, in large measure, a desperate attempt by drug traffickers to resist the sustained efforts of a very determined Mexican Administration. Since the Calderon Administration assumed power, the Government of Mexico has made record closures of clandestine laboratories and made record seizures of drugs, weapons and cash. They have arrested large numbers of defendants, including high level representatives of all of the major Mexican Cartels and, in unprecedented fashion, extradited more than 178 of these defendants to face prosecution in the U.S. Beginning in January 2007, immediately after the Calderon government was installed, the price per gram of cocaine in the United States began to rise, with a correlative drop in cocaine purity. We are now in a 24-month sustained period of declining purity and increasing price in nearly every major cocaine market in the United States and have seen that price more than double and purity fall by almost 35 percent.

The Department believes the Government of Mexico has demonstrated remarkable commitment and resolve. As a result of Mexico's efforts together with efforts undertaken by the various Department components and the interagency domestically and by our partners throughout the region, Mexican drug trafficking organizations have been placed under unprecedented stress. We are mindful, however, that success against these powerful criminal adversaries is far from assured and the

consequences of transnational criminals prevailing in their bloody conflict with the Calderon Administration would pose serious consequences for the safety and security of citizens on both sides of our Southwest border. As we sit before you today, the U.S. has seized this historic opportunity to collaborate with Mexico. Through the Merida Initiative and the funding provided by the U.S. Congress our Mexican counterparts have additional resources to protect the safety and security its citizens and to mount aggressive enforcement actions against the drug cartels.

An Associated Press article appearing in the Washington Post on March 5, 2009, reported that American professionals living along the border, including doctors, lawyers and factory owners, who routinely travel across the border, feel so threatened by the murders and kidnappings that they are having armor plating and bullet-proof glass installed in their cars and pickup trucks. According to the Washington Post, one San Antonio company specializing in bulletproofing cars says that it expects a 50 percent increase in business this year. Clearly we need to take action now to protect our citizens and their property from harm. While it may seem counterintuitive, the extraordinary level of violence in Mexico is another signpost of successful law-and-order campaigns by military and law enforcement officials in Mexico.

Because of the enormous profit potential, violence has always been associated with the Mexican drug trade as criminal syndicates seek to control this lucrative endeavor. The violence in Mexico can be organized into three broad categories: intra-cartel violence that occurs among and between members of the same criminal syndicate,

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inter-cartel violence among and between rival cartels, and cartel versus government violence. It is significant to note that intra- and inter-cartel violence have always been associated with the Mexican drug trade. The Department assesses that the current surge in violence is driven in large measure by the Government of Mexico's offensive actions against the traffickers, who in turn perceive they are fighting one another for an increased share of a shrinking market.

ATF EXPERTISE

For over 30 years the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has been protecting our citizens and communities from violent criminals and criminal organizations by safeguarding them from the illegal use of firearms and explosives. ATF is responsible for both regulating the firearms and explosives industries and enforcing criminal laws relating to those commodities and has the experience, expertise, tools, and commitment to investigate and disrupt groups and individuals who obtain guns in the U.S. and illegally traffic them into Mexico in facilitation of the drug trade.

The synergy of ATF's crime-fighting expertise, regulatory authority, analytical capability, and strategic partnerships is used to combat firearms trafficking both along the U.S. borders and throughout the nation. For instance, from Fiscal Year 2004 through February 17th of this year, Project Gunrunner – ATF's strategy for disrupting the flow of firearms to Mexico – has referred for prosecution 795 cases involving 1,658 defendants;

those cases include 382 firearms trafficking cases involving 1,035 defendants and more than 12,800 guns.

Project Gunrunner includes approximately 148 special agents dedicated to investigating firearms trafficking on a full-time basis and 59 industry operations investigators (IOIs) responsible for conducting regulatory inspections of federally licensed gun dealers, known as Federal Firearms Licensees (FFLs), along the Southwest border.

As the sole agency that regulates FFLs—roughly 6,700 of which are along the Southwest border—ATF has the statutory authority to inspect the records of licensees, examine those records for firearms trafficking trends and patterns, and revoke the licenses of those who are complicit in firearm trafficking. As part of Project Gunrunner, IOIs work to identify and prioritize for inspection those FFLs with a history of noncompliance that represents a risk to public safety. They also focus on those primary retailers and pawnbrokers who sell the weapons of choice that are the preferred firearms being trafficked in this region. Moreover, utilizing ATF trace data analyses, IOIs prioritize for inspection those FFLs with numerous unsuccessful traces and a large volume of firearms recoveries in the targeted high-crime areas. This focused inspection effort assists in the identification and investigation of straw purchasers and the traffickers who employ them. In FY 2007, ATF inspected 1,775 of FFLs along the border and, in FY 2008, inspected 1,884. In addition to inspections, the IOIs work to improve relations with firearms industry members, enhance voluntary compliance, and promote licensees'

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assistance in preventing firearms diversion by conducting training and outreach activities with FFLs in the targeted areas.

Admittedly, more can and should be done to stop the flow of weapons from the United States into Mexico. It is an undisputable fact that the weapons and firearms used to fuel the drug-related violence in Mexico can be traced back to guns procured legally or illegally here. ATF is aggressively working to keep weapons out of the hands of the cartels and other dangerous criminals in Mexico by adding additional Special Agents and other personnel to disrupt firearms trafficking networks, increasing our oversight of the federal firearms licensees along the border, and improving the coordination of firearms trafficking information amongst federal, state, and local law enforcement agencies stationed along the border.

DEA EXPERTISE

The Drug Enforcement Administration (DEA) has a large international presence. With eleven offices in Mexico, and a decades-long history of working with the Mexican government, DEA has an excellent vantage point from which to assess the drug trafficking situation in Mexico, the related violence, its causes, and its historical context. In collaboration with Mexican law enforcement, DEA is actively working to systematically dismantle the cartels. Shortly after Congress approved the Sensitive Investigative Unit (SIU) program in 1996, the Mexico City SIU was established, and DEA now works closely with a number of trusted counterparts throughout the country. Our SIU counterparts have undergone a rigorous vetting process, to include robust

background investigations and polygraph examinations. DEA works closely with these vetted units to collect and analyze sensitive law enforcement information and to further the case development against, and the prosecution of, major drug trafficking organizations. Working with our Mexican counterparts, DEA and U.S. interagency partnerships have taken the offensive against Mexico-based cartels on their own turf and sought to systematically identify and dismantle U.S. based cells of these Mexican cartels. Project Reckoning and Operation Xcelerator are recent examples of this U.S.-Mexico collaboration. Both Projects were investigated and prosecuted in multiple Organized Crime Drug Enforcement Task Forces (OCDETF) cases, involving DEA and other OCDETF investigative agencies, numerous United States Attorney's Offices, and the Department's Criminal Division.

Project Reckoning was a 15-month operation targeting the Gulf Cartel and remains one of the largest, most successful joint law enforcement efforts ever undertaken between the U.S. and Mexico. Because of intelligence and evidence derived from Project Reckoning, during 2008 the U.S. was able to secure indictments against the Gulf Cartel "triumvirate" of Ezekiel Antonio Cardenas-Guillen (brother of extradited Kingpin Osiel Cardenas-Guillen), Eduardo Costilla-Sanchez, and Heriberto Lazcano-Lazcano, head of Los Zetas. Project Reckoning resulted in over 600 arrests in the U.S. and Mexico, including 175 active Gulf Cartel/Los Zetas members, thousands of pounds of methamphetamine, tens of thousands of pounds of marijuana, nearly 20,000 kilograms of cocaine, hundreds of weapons, and \$71 million. Operation Xcelerator began in May 2007 from an investigation in Imperial County, California and targeted the Sinaloa

Cartel. Operation Xcellerator was recently concluded and resulted in over 750 arrests, multi-drug seizures running to the tens of thousands of pounds, aircraft and maritime vessel seizures, and over \$59 million in seized currency. While these operations are intended to break the power and impunity of the cartels, in the short term they also exacerbate the violence in Mexico. The aforementioned Operations and Projects are by no means complete. These examples represent ongoing efforts that will continue, with as many iterations as are necessary, to cripple and destroy the Mexico-based drug cartels.

Defining the Problem

The southwest border is the principal arrival zone for most illicit drugs trafficked into the U.S., as well as the predominant staging area for the subsequent distribution of these drugs throughout the U.S. Guns are an integral part of these criminal enterprises; they are the “tools of the trade.” Drug traffickers routinely use firearms against each other and have used these weapons against the Mexican military, law enforcement officials, and Mexican civilians. Because firearms are not readily available in Mexico, drug traffickers have aggressively turned to the U.S. as their primary source. Firearms are routinely being transported from the U.S. into Mexico in violation of both U.S. and Mexican law. In fact, according to ATF’s National Tracing Center, 90 percent of the weapons that could be traced were determined to have originated from various sources within the U.S. One thing must remain clear in any discussion of violence in Mexico, or violence practiced by Mexican traffickers operating in the U.S.: drug gangs are inherently violent, and nowhere is this more true than in Mexico, where “Wild West”-

style shootouts between the criminals and the cops, and elements of opposing trafficking groups are unfortunately considered normal.

To elaborate, the rising incidences of trafficking U.S.-sourced firearms into Mexico is influenced by a number of factors, including increased demand for firearms by drug trafficking organizations, and the strictly regulated and generally prohibited possession and manufacturing of firearms in Mexico. Remarkable amounts of cash are accumulated on the U.S. side of the border and it is believed that, in certain cases, it is used to procure firearms and ammunition that eventually makes their way south to Mexico. Weapons sources typically include secondary markets, such as gun shows and flea markets since—depending on State law—the private sale of firearms at those venues often does not require background checks prior to the sale or record keeping.

A comprehensive analysis of firearms trace data over the past three years indicates that Texas, Arizona and California are the three largest source States, respectively, for firearms illegally trafficked to Mexico. In FY 2007 alone, Mexico submitted approximately 1,112 guns for tracing that originated in Texas, Arizona and California. The remaining 47 States accounted for 435 traces in FY 2007.

It should be noted, though, that while the greatest proportion of firearms trafficked to Mexico originate out of the U.S. along the southwest border, based on successful traces, ATF trace data has established that drug traffickers are also acquiring firearms from other States as far east as Florida and as far north and west as Washington State. A case from April 2008 involving the Arellano Felix Drug Trafficking

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Organization illustrates this point. A violent dispute between elements of this drug trafficking organization left 13 members dead and 5 wounded. ATF assisted Mexican authorities in tracing 60 firearms recovered at the crime scene in Tijuana. As a result, leads have been forward to ATF field divisions in Denver, Houston, Los Angeles, Philadelphia, Phoenix, San Francisco and Seattle.

In addition, drug traffickers frequently resort to using "straw purchasers" to gain firearms from federally licensed gun dealers in the U.S., dealers who often are unwitting participants in these schemes. Straw purchases refer to instances wherein an individual purchases a firearm for someone who is either prohibited by law from possessing one, such as a convicted felon, or who does not want his or her name associated with the transaction. In other words, a straw purchase when someone poses as the buyer of a firearm although that person is not the true purchaser and is doing so for someone else who wishes or needs to the law and the creation of a paper trail.

Until recently drug traffickers' "weapon of choice" had been .38 caliber handguns. However, they now have developed a preference for higher quality, more powerful weapons, such as .223 and 7.62x39mm caliber rifles, 5.7x28 caliber rifles and pistols, and .50 caliber rifles; each of these types of weapons has been seized by ATF in route to Mexico. ATF also has seized large quantities of ammunition for use in these firearms. Drug trafficker's taste for high-power weaponry is evidenced by a joint ATF, FBI and Tucson Police Department investigation in April 2006. That effort led to the arrest of three members of the aforementioned Arellano Felix Organization for attempting to purchase machineguns and hand grenades from undercover agents. One

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individual, a Mexican citizen, was sentenced to 70 months in Federal prison while the other two, both U.S. citizens, were sentenced to 87 months. This case demonstrates that drug traffickers are known to supplement their firearms cache with explosives. ATF's expertise with explosives has proven to be another valuable asset to use in the fight against drug cartels. For the past 18 months ATF has been working closely with Mexican law enforcement and military personnel by quickly responding to grenade seizures in Mexico in order to positively identify and trace these explosives. Unfortunately, in the past six months we have noted a troubling increase in the number of grenades, which are illegal to possess and sell, seized from or used by drug traffickers, and we are concerned about the possibility of explosives-related violence spilling into U.S. border towns.

The brutality and ruthlessness of the violence is appalling—we cringe at news stories detailing the arrest of the “pozolero” (stew-maker), a killer who disposes of his victims' body parts in barrels of acid, or the discovery of a mass grave containing the remains of countless victims decomposing under a layer of lime. But these and other gruesome tactics are not new. Both new and disturbing however, are the sustained efforts of Mexican drug trafficking organizations to use violence as a tool to undermine public support for the government's counter-drug efforts, intentionally displaying the beheaded and mutilated bodies of their victims with messages that threaten even greater violence.

In 2007, the number of drug-related killings in Mexico doubled from the previous year. Of the 2,471 (source: PGR) drug-related homicides committed in that year, law enforcement and intelligence sources estimate that around 10 percent were killings of law

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enforcement or military personnel. Just over 8 percent of the 6,263 drug-related killings in 2008 were of law enforcement or military officials. Since January 2009, approximately 1,000 people have been murdered in Mexico, about 10 percent of whom have been security officers or public officials.

Particularly worrisome are those tactics intended to intimidate police and public officials creating in some cases defections from police organizations – at times with former police officials seeking asylum and protection in the U.S. As disturbing as these tactics are, they do not appear to be having any impact on staffing of the federal police or military that are the primary tools in the Calderon Administration’s offensive. Although Calderon currently enjoys a high level of public support, as does his crack down against the traffickers, DEA assesses that the Calderon Administration is not only fighting a formidable adversary in the traffickers, it is also fighting to maintain the public’s support and its resolve against the horrific intimidation tactics of the traffickers. In the case of President Calderon’s government, the evidence shows that they will not waver even in the face of the most horrific acts of violence.

The Way Forward

Through its experience with combating violent crime along the southwest border and around the world, the Department has learned that interagency and international collaboration and coordination is fundamental to our success. We must sustain the positive momentum achieved to date by supporting President Calderon’s heroic efforts against organized crime. We must also manage expectations, as we anticipate that the

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gruesome violence in Mexico may get worse as the Mexican Government increases its efforts against the cartels. We must recognize that we are witnessing acts of desperation: the actions of wounded, vulnerable and dangerous criminal organizations. We remain committed to working with our U.S. law enforcement and intelligence partners as well, to stem the flow of bulk cash and weapons south, while also working to sustain the disruption of drug transportation routes northward.

Bringing to the criminal and civil justice system of the U.S., or any other competent jurisdiction, those organizations and principal members of organizations involved in the cultivation, manufacture, and distribution of controlled substances appearing in or destined for trafficking in the U.S. is of foremost importance. Continuing to identify, investigate and eliminate the sources of and networks for transporting illicitly trafficked firearms also remains an important focus.

The El Paso Intelligence Center, the central repository and clearinghouse for all weapons-related intelligence collected and developed by all federal, State and local law enforcement entities involved in narcotics interdiction and investigation along the U.S.-Mexico border is an important tool in the Department's work to cease border violence. Another important tool is the OCDETF Fusion Center (OFC), a comprehensive data center containing all drug intelligence information from six OCDETF federal member investigative agencies, the National Drug Intelligence Center (NDIC), EPIC, and other agencies with relevant information. The OFC conducts cross-agency integration and analysis of drug and related data to create comprehensive intelligence pictures of

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targeted organizations, including those identified on the Attorney General's Consolidated Priority Organization Target (CPOT) List, which identifies the most significant drug trafficking organizations in the world that impact the U.S. drug supply. These fused-intelligence analytical products result in the development of actionable leads, which are passed to OCDETF participants in the field through the multi-agency Special Operations Division (SOD), ultimately resulting in the development of coordinated, multijurisdictional OCDETF investigations of the most significant drug trafficking networks. Using these tools, the Department swiftly relays intelligence about potential threats to the agencies that are responsible for serving as first-line defenders.

Internationally, the Department enjoys a strong collaborative relationship with law enforcement and other government agencies within Mexico and throughout the world. The Department would not have achieved the success it has without the remarkable support and courageous actions of the Mexican government. The daily challenges posed by drug trafficking organizations in the U.S. and Mexico are significant, but are overshadowed of late by a very specific set of challenges: ensuring that the violence in Mexico does not spill over our border; closely monitoring the security situation in Mexico; and, perhaps most importantly, lending our assistance and support to the Calderon Administration to ensure its continued success against the ruthless and powerful cartels.

Conclusion

Chairman Durbin, Senator Graham, distinguish Members of the Subcommittee, on behalf of the men and women of the Department, I thank you and your staffs for your

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support of our crucial work. We recognize and are grateful for your commitment and contributions to the law enforcement community. With the backing of this Subcommittee, the Department can continue to build on our accomplishments, making our nation even more secure. We look forward to working with you in pursuit of our shared goals and will be happy to answer any questions that you may have.

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From: Melson, Kenneth E.
Sent: **Employee 3** April 08, 2011 12:15:06 PM
To: Hoover, William J.
CC: (b) (7)(C)
Subject: Fw: 2011-04-08 CEG to ATF (agent contacts)

5995

Attachments: 2011-04-08 CEG to ATF (agent contacts).pdf

Billy: Did we know of the FOIA request that produced the email attached to Grassley's letter? No problem with the release, but it would have been nice to know.

NOTICE: This e-mail message and any attached files are intended solely for the use of the addressee(s) named above in connection with official business. This communication may contain Sensitive But Unclassified information that may be statutorily or otherwise prohibited from being released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of the Bureau of Alcohol, Tobacco, Firearms & Explosives or the Department of Justice without express authorization is strictly prohibited.

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

From: Foster, Jason (Judiciary-Rep) <Jason_Foster@judiciary-rep.senate.gov>
To: (b) (7)(C) Hoover, William J.; Melson, Kenneth E.
Cc: CEG (Judiciary-Rep) <CEG@judiciary-rep.senate.gov>; Castor, Stephen (Stephen.Castor@mail.house.gov) <Stephen.Castor@mail.house.gov>; Virkstis, Matthew (Judiciary) <Matthew_Virkstis@Judiciary.dem.senate.gov>
Sent: Fri Apr 08 11:03:50 2011
Subject: 2011-04-08 CEG to ATF (agent contacts)

Please find attached a letter from Senator Grassley. Please ensure that all formal correspondence on this matter is sent electronically in PDF format to ceg@judiciary-rep.senate.gov (cc'd above). Please confirm receipt, and contact me with any questions regarding this letter. Thanks.

Cordially,
Jason A. Foster
Chief Investigative Counsel

Charles E. Grassley, Ranking Member
Committee on the Judiciary
152 Dirksen Senate Office Building
United States Senate

(202) 224-5225

ATF8-001-001-00017867

From: (b) (7)(C)
Sent: Wednesday, April 06, 2011 3:23 PM
To: (b) (7)(C)
Subject: Document Request - OIG

Importance: High

Hi (b) (7)(C) Pardon my rambling voice mail earlier but I think I have a bigger problem. You might already even be aware, but several of us in the office have tried to follow your instructions and create our individual folders, but they're not working. With each attempt, we created a new, un-named folder that we can neither rename nor delete. I've contacted the Help Desk, and the tech I worked with thinks it's a rights issue. Restarting a computer didn't help either. The Help Desk also said that an individual heat ticket would need to be created for everyone creating a folder, if they have the same problem. Further, the one folder that is created (b) (7)(C) —can be accessed.

As to my voice message, is every employee expected to conduct a search, as this changes my distribution, and significantly impacts the above.

Thanks.

(b) (7)(C)

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From: (b) (7)(C)
Sent: Wednesday, April 06, 2011 1:27 PM
To: (b) (7)(C)
Subject: RE: HCOGRDOCLIST.docx

Thanks, (b) (7)(C) Two other questions: If we have no documents can I just complete the verification form and send it to you? And if so, can I change the form to reflect my official title?

(b) (7)(C)

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From: (b) (7)(C)
Sent: Wednesday, April 06, 2011 1:20 PM
To: (b) (7)(C)
Subject: HCOGRDOCLIST .docx

Corrected attachment to go with my last e-mail.

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From: Gaston, Molly (SMO) (b) (7)(C)
Sent: Wednesday, April 06, 2011 1:19 PM
To: (b) (7)(C) Burton, Faith (SMO)
CC: Axelrod, Matthew (ODAG) (SMO)
Subject: RE: OCDETF Powerpoint

Thanks so much (b) (7)(C) What would ATF's position on the release of this to the Committee be after redactions?

From: (b) (7)(C) (ATF)
Sent: Wednesday, April 06, 2011 1:06 PM
To: Gaston, Molly (SMO); Burton, Faith (SMO)
Cc: Axelrod, Matthew (ODAG)
Subject: OCDETF Powerpoint

Here is an unencrypted pdf file of the powerpoint. The two slides that need to be deleted are on page 16. Additionally a couple of the photos are case specific, I am getting those identified now. The unencrypted powerpoint will be delivered later today.

(b) (7)(C)
Acting Chief of Staff
Office of the Director
O: 202-648 (b) (7)(C)
C: (b) (7)(C)
HQ Room 5 S 100

From: (b) (7)(C)
Sent: Wednesday, April 06, 2011 8:37 AM
To: (b) (7)(C) McMahon, William G.; Chait, Mark R.
Subject: FW: Operation Wide Receiver - Firearms Summary
Attachments: Wide Receiver - Firearms Summary - FINAL.xlsx

I do not see that I ever forwarded this chart to you. As noted below, you had asked the SAC to have this one updated reference recoveries. Asked Jim to check on that.

Tucson II

785085-06-0051 OPERATION WIDE RECEIVER ("6e"): The ATF Tucson II Field Office has been conducting an investigation of a suspected firearm trafficking organization based in Tucson, Arizona. Currently 10 defendants have been identified and indicted for being involved in trafficking firearms believed to be for Mexican DTOs. ATF confirmed the suspects purchased over 300 firearms (predominately 7.62mm, .223, 5.7mm, and .38 Super). This far reaching investigation began in 2006 and has tied this firearms trafficking organization to the Arellano-Felix/ Tijuana Cartel and the (b) (7)(C) crime family near Caborca, Mexico. ATF has utilized (b) (7)(E) to document the conspiracy. Approximately 50 firearms have been seized.

Following indictments on November 9, 2010, special agents from the Tucson field offices, along with the Tucson Police Department, arrested (b) (7)(C). (b) (7)(C) was arrested on the same date at the San Ysidro Port of Entry by Customs and Border Protection.

The defendants have been booked into local facilities and are awaiting Initial Appearances. Several other defendants have already been arrested and agreed to plead guilty to charges. Violations include 18 U.S.C. § 371 Conspiracy; 18 U.S.C. §922(d)(5)(A) Transfer Firearm to an Illegal Alien; 18 U.S.C. § 922(g)(5)(A) Alien in Possession of a Firearm; 18 U.S.C. § 924(a)(1)(A) False Statement in Acquisition of a Firearm; 18 U.S.C. § 2 Aiding and Abetting; 22 U.S.C. § 401 Exportation Violations; 28 U.S.C. § 2461(c) Civil Forfeiture. (See 11/9/10 SIR.)

(b) (7)(C)

Chief, Firearms Operations Division
ATF HQ - Room 6.S.129
202.648 (b) (7)(C) Cel (b) (7)(C)

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From: (b) (7)(C)
Sent: Wednesday, April 06, 2011 8:29 AM
To: Needles, James R.
Subject: FW: Operation Wide Receiver - Firearms Summary

Jim – I believe we asked for this chart to be updated like the other one – reflecting recoveries by ATF, other US LE, and in Mexico? I do not recall getting that back. Would you check on that? Thanks

(b) (7)(C)

Chief, Firearms Operations Division
ATF HQ - Room 6, S. 129
202.648^{(b) (7)(C)} Cell (b) (7)(C)

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From: Needles, James R.
Sent: Friday, March 18, 2011 1:11 PM
To: (b) (7)(C)
Subject: FW: Operation Wide Receiver - Firearms Summary

FYI

From: Stinnett, Melanie S.

Sent: Wednesday, April 06, 2011 6:23 AM

To: Serres, Greg; Rubenstein, Steve R.; (b) (7)(C)

CC: (b) (7)(C); Holgate, Rick; (b) (7)(C)

(b) (7)(C)

Subject: RE: ESI Preservation Directive / Review of Firearms Trafficking Investigation

Rick:

I'm including Counsel on this response because they issued the directive. I am also out of the office from 9 until noon, and unfortunately cannot be available for a call. But if you and your staff, Counsel and (b) (7)(C) want to meet on this in the morning and work on a clarification that is fine with me. (b) (7)(C) can sit in on the meeting and represent me.

Mel

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From: Holgate, Rick

Sent: Tuesday, April 05, 2011 6:43 PM

To: (b) (7)(C) Stinnett, Melanie S.

Cc: (b) (7)(C)

Subject: RE: ESI Preservation Directive / Review of Firearms Trafficking Investigation

Mel,

We should probably discuss this (b) (7)(C) was getting ready to send out something similar based on an approach we'd discussed with him. Regarding item #5 below, "Any emails to/from the work accounts of all ATF Headquarters" will be difficult to achieve without some more explicit direction based on how where/how they should capture that information. (b) (7)(C) message included those details. Perhaps we should follow up and clarify that this message is mainly intended to convey the direction, "don't delete anything that might be responsive," whereas (b) (7)(C) will address "what to do with the stuff you've found."

I'm out of the office in the morning but available by phone if you need to talk. (b) (7)(C) can also stand in for me in a conversation.

Thanks,

Rick

Rick Holgate

Assistant Director for Science & Technology / CIO

Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF)

o 202.648 (b) (7)(C)

c (b) (7)(C)

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From: (b) (7)(C)

Sent: Tuesday, April 05, 2011 6:02 PM

To: (b) (7)(C)

(b) (7)(C)

Cc: Holgate, Rick; Stinnett, Melanie S.; Rubenstein, Steve R.; Serres, Greg; (b) (7)(C)

Subject: ESI Preservation Directive / Review of Firearms Trafficking Investigation

ESI PRESERVATION DIRECTIVE FOR ATF OPERATION FAST AND FURIOUS

Pursuant to ATF Order 1340.4 (Preserving and Producing Bureau Records, Documents and Information Subject to the Legal Process) and the Preservation Directive issued on March 28, 2011, the Office of Chief Counsel (Litigation) requests your assistance in locating and retaining electronically stored information (ESI) relevant to ATF's firearms trafficking investigation known as Operation Fast and Furious.

Information that is relevant to the operation includes, but is not limited to: (1) N-FORCE records relating to Operation Fast and Furious, case number 785115-10-0004; (2) N-SPECT records relating to Operation Fast and Furious and the following Federal Firearms Licensees: (b) (7)(D)

(b) (7)(D) (3) E-TRACE records relating to Operation Fast and Furious; (4) Firearms Tracing System records relating to Operation Fast and Furious; and (5) Any emails to/from the work accounts of all ATF Headquarters and Phoenix Field Division personnel regarding Operation Fast and Furious, from the time period October 1, 2009 until the present.

Any identifiable data on network drives (e.g., U:\drive; G:\drive; S:\drive) should be captured immediately and copied to another drive for preservation. Three weeks from the date of this Directive, please once again capture and copy this data to another drive for preservation. This material does not replace any material that may have been previously captured and should be identifiable by date that it was captured.

Of particular importance will be ensuring that no ESI is erased through routine destruction. If any ESI related to the individuals named above and/or case number 785115-10-0004 has been purged as a result of routine destruction (*i.e.*, the aging process, separation from employment, etc) please, to the extent possible, find the dates of such purge and the information which would have been subject to destruction.

Note that this directive is in effect until the Office of Chief Counsel notifies you that the hold has been terminated.

Thank you for your assistance in this matter. If you have any questions or concerns, please contact Assistant Director Melanie Stinnett.

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From: Holgate, Rick

Sent: Tuesday, April 05, 2011 6:42 PM

To: (b) (7)(C) Stinnett, Melanie S.

CC: (b) (7)(C)

Subject: RE: ESI Preservation Directive / Review of Firearms Trafficking Investigation

Mel,

We should probably discuss this. (b) (7)(C) was getting ready to send out something similar based on an approach we'd discussed with him. Regarding item #5 below, "Any emails to/from the work accounts of all ATF Headquarters" will be difficult to achieve without some more explicit direction based on how where/how they should capture that information. (b) (7)(C) message included those details. Perhaps we should follow up and clarify that this message is mainly intended to convey the direction, "don't delete anything that might be responsive," whereas (b) (7)(C) will address "what to do with the stuff you've found."

I'm out of the office in the morning but available by phone if you need to talk. (b) (7)(C) can also stand in for me in a conversation.

Thanks,

Rick

Rick Holgate

Assistant Director for Science & Technology / CIO

Bureau of Alcohol, Tobacco, Firearms & Explosives (ATF)

o 202.648 (b) (7)(C)

d (b) (7)(C)

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From: (b) (7)(C)

Sent: Tuesday, April 05, 2011 6:02 PM

To: (b) (7)(C)

(b) (7)(C)

Cc: Holgate, Rick; Stinnett, Melanie S.; Rubenstein, Steve R.; Serres, Greg; (b) (7)(C)

Subject: ESI Preservation Directive / Review of Firearms Trafficking Investigation

ESI PRESERVATION DIRECTIVE FOR ATF OPERATION FAST AND FURIOUS

Pursuant to ATF Order 1340.4 (Preserving and Producing Bureau Records, Documents and Information Subject to the Legal Process) and the Preservation Directive issued on March 28, 2011, the Office of Chief Counsel (Litigation) requests your assistance in locating and retaining electronically stored information (ESI) relevant to ATF's firearms trafficking investigation known as Operation Fast and Furious.

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Thank you for your assistance in this matter. If you have any questions or concerns, please contact Assistant Director Melanie Stinnett.

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From: Gaston, Molly (SMO) (b) (7)(C)
Sent: Friday, April 01, 2011 5:12 PM
To: (b) (7)(C) Burton, Faith (SMO)
Subject: RE: ISSA RESPONSE - OIG REPORTS

(b) (5) (b) (5)
(b) (5) Thanks so much.

From: (b) (7)(C) ATF)
Sent: Friday, April 01, 2011 2:40 PM
To: Burton, Faith (SMO); Gaston, Molly (SMO)
Subject: ISSA RESPONSE - OIG REPORTS

Faith/Molly:

Attached are the OIG reports on Gunrunner – they are responsive to the “genesis” documents question and are public.

Do you want budget request documents related to Gunrunner?

(b) (7)(C)
Acting Chief of Staff
Office of the Director
O: 202-648-(b) (7)(C)
C: (b) (7)(C)
HQ Room 5 S 100

From: (b) (7)(C)
Sent: Friday, April 01, 2011 7:48 AM
To: (b) (7)(C)
Subject: Fw: Las Cruces connection to (b) (7)(C) Dallas area targets, Houston/Laredo (b) (7)(E)
Attachments: La Pryor 8-7-10.xlsx

Fyi

(b) (7)(C) Division Chief Firearms Operations Division
202-648 (b) (7)(C) Cell (b) (7)(C)

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From: Newell, William D.
To: (b) (7)(C) Needles, James R.; Champion, Robert R.; Webb, J. Dewey; McMahon, William G.
Sent: Thu Mar 31 14:48:41 2011
Subject: Fw: Las Cruces connection to (b) (7)(C) Dallas area targets, Houston/Laredo (b) (7)(E) involvement)

For clarification purposes this is a Roswell SO case conducted by SA (b) (7)(C) Roswell is a satellite of Las Cruces II. SA (b) (7)(C)

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From: Needles, James R.
To: Newell, William D.; Gillett, George T. Jr.
Sent: Thu Mar 31 14:28:17 2011

Subject: FW: Las Cruces connection to (b) (7)(C) Dallas area targets, Houston/Laredo (b) (7)(E) involvement)

FYI

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From: (b) (7)(C)

Sent: Thursday, March 31, 2011 11:09 AM

To: Champion, Robert R.; Webb, J. Dewey; McMahon, William G.; (b) (7)(C) Needles, James R.

Subject: FW: Las Cruces connection to (b) (7)(C) Dallas area targets, Houston/Laredo (b) (7)(E) involvement)

Las Cruces Case 785096 10 0035

Attached is a summary of (21) firearms seized and traced stemming from a Zavala Co SO (TX) traffic stop in La Pryor TX on 8/7/10, pursuant to a BOLO arranged by Las Cruces office, case number 785096-10-0035. This case is not 6(e) and you may be able to access it and read background. Refer to ROIs #1, Para's 6, 8, 9 and 12-17 for details of purchases or (b) (7)(C) and

our surveillances. Need to compare (b) (7)(C), (b) (7)(E)

(b) (7)(C) ROI #2 addresses the (b) (7)(C)

(b) (7)(C) Las Cruces caused a BOLO on one of their suspect cars, a white Saturn, leading to this seizure.

However, the seized guns were NOT the ones that ATF surveilled during/after (b) (7)(C) purchases on 7/27 and 7/29. The attached list reflects that the (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117) This information is not reflected in the Las Cruces file. Of the seized firearms,

(b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C)

Las Cruces file does not indicate this or report what we know about subsequent recoveries/traces of the (8) guns we saw the (b) (7)(C) purchase. (We're checking on that now.) Due to all these being oblit's,

(b) (3) (P.L. 111-117), (b) (7)(C)

Based on the original Dallas BP/timeline of (b) (7)(C) he was first identified by Dallas on/about 11/9/10 on a ruse traffic stop following the DEA/ATF controlled delivery of (40) guns. After the 11/9/10 DEA/ATF caper for the (40) guns, Dallas Intell worked up packages on both (b) (7)(C) At that time, I believe that Dallas Intell stated (11/30/10) that (b) (3) (P.L. 111-117), (b) (7)(C) which happened to be the one from La Pryor traffic stop (Las Cruces BOLO).

<<La Pryor 8-7-10.xls>>

(b) (7)(C)

Chief, Firearms Operations Division

ATF HQ - Room 6.S.129

202.648 (b) (7)(C) Cell (b) (7)(C)

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 5:33 PM
To: (b) (7)(C)
Cc: (b) (7)(C)
Subject: RE: Need help ASAP (sensitive)

(b) (3) (P.L. 111-117)

Please be advised that the Consolidated Appropriations Act of 2010, Public L. 111-117, which became effective on December 16, 2009, restricts the disclosure of any part of the contents of the Firearms Tracing System or any information required to be kept by Federal Firearms Licensees pursuant to 18 USC 923(g), or required to be reported pursuant to 18 USC 923(g)(3) and 923(g)(7).

The information, which is being provided per your request, is for official law enforcement use only and may only be disseminated by the Bureau of Alcohol, Tobacco, Firearms and Explosives to a Federal, State, local, or tribal law enforcement agency, or a Federal, State, or local prosecutor; or a foreign law enforcement agency solely in connection with and for use in a criminal investigation or prosecution; or a Federal agency for a national security or intelligence purpose. This disclosure restriction shall not be construed to prevent the sharing or exchange of such information among and between Federal, State, local, or foreign law enforcement agencies, Federal, State, or local prosecutors, and Federal national security, intelligence, or counterterrorism officials. Congress has prohibited the public release of any data by the recipient law enforcement agency. The publication of statistical aggregate data regarding firearms traffickers and trafficking channels, firearms misuse, felons, and trafficking investigations is exempt from the restriction. If you have questions regarding these restrictions please contact ATF legal counsel prior to disclosing any of the information provided in this correspondence outside of ATF.

Sincerely,

(b) (7)(C)

Intelligence Program Specialist

Bureau of Alcohol, Tobacco, Firearms and Explosives

Office of Strategic Intelligence and Information

Violent Crime Intelligence Division

Violent Crime Analysis Branch

Main Office #: (304) 616-4100

Direct #: (b) (7)(C)

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 4:48 PM
To: (b) (7)(C)
Subject: FW: Need help ASAP (sensitive)

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 4:47 PM
To: (b) (7)(C)
Subject: Need help ASAP (sensitive)

As discussed --

(b) (3) (P.L. 111-117)
(b) (3) (P.L. 111-117)

Can you

locate and email to me?

Thanks

(b) (7)(C)

Chief, Firearms Operations Division

ATF HQ - Room 6.S.129

202.648 (b) (7)(C) Cell (b) (7)(C)

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Phoenix: 785115-10-0004
AS OF 12/17/2009

(b) (7)(C)

(b) (7)(C)

All Seizures connected to 785115-10-0004

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

AS OF 12/17/2009

The Two Largest Gulf Cartel Seizures in 2008!

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

From: (b) (7)(C)

Sent: Thursday, March 31, 2011 3:40 PM

To: Martin, Steve K.

Subject: PHX presentation (final) draft presented on 030510.pdf - Adobe Acrobat Professional

Attachments: PHX presentation (final) draft presented on 030510.pdf

(b) (7)(C)

Field Intelligence Support Team - Southwest Border
Bureau of Alcohol, Tobacco, Firearms and Explosives
Intelligence Operations Specialist

Office: 202-648-(b) (7)(C)

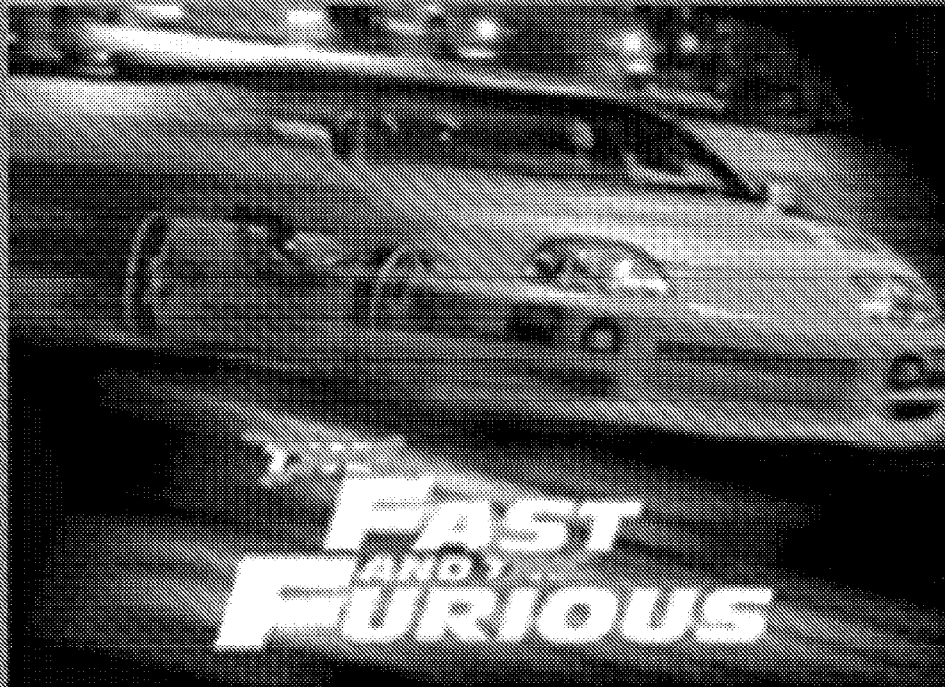
Cell: (b) (7)(C)

Fax: 202-648-9682

Email: (b) (7)(C)

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OPERATION THE FAST AND THE FURIOUS



Phoenix: 785115-10-0004
AS OF 03/05/2010

(b) (7)(C)

Associates

Associates

(b) (7)(C)

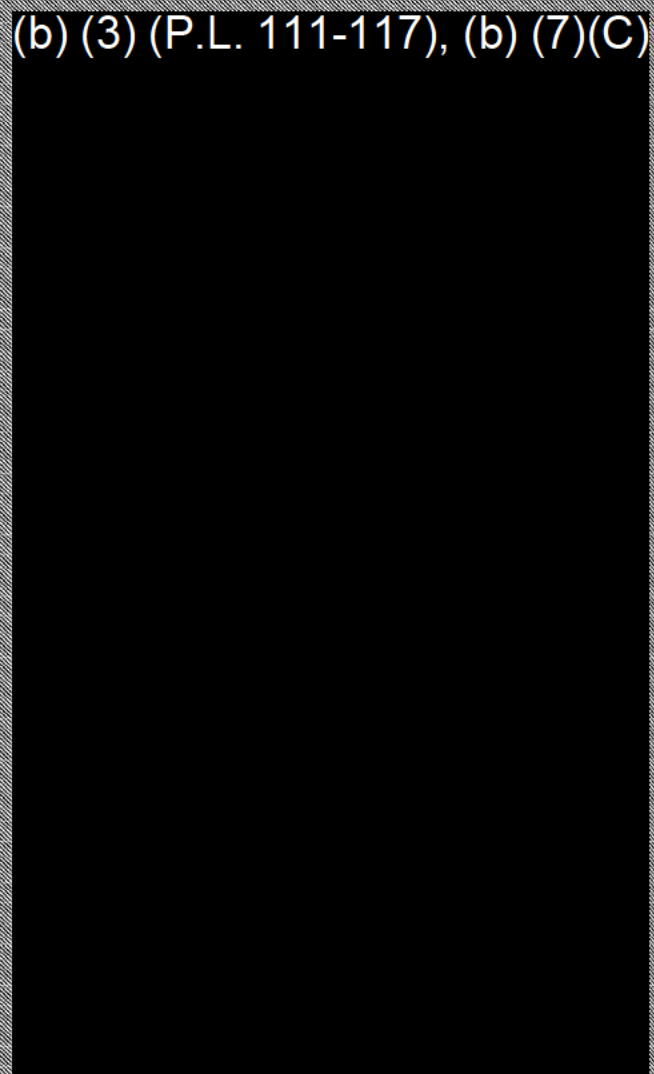
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(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

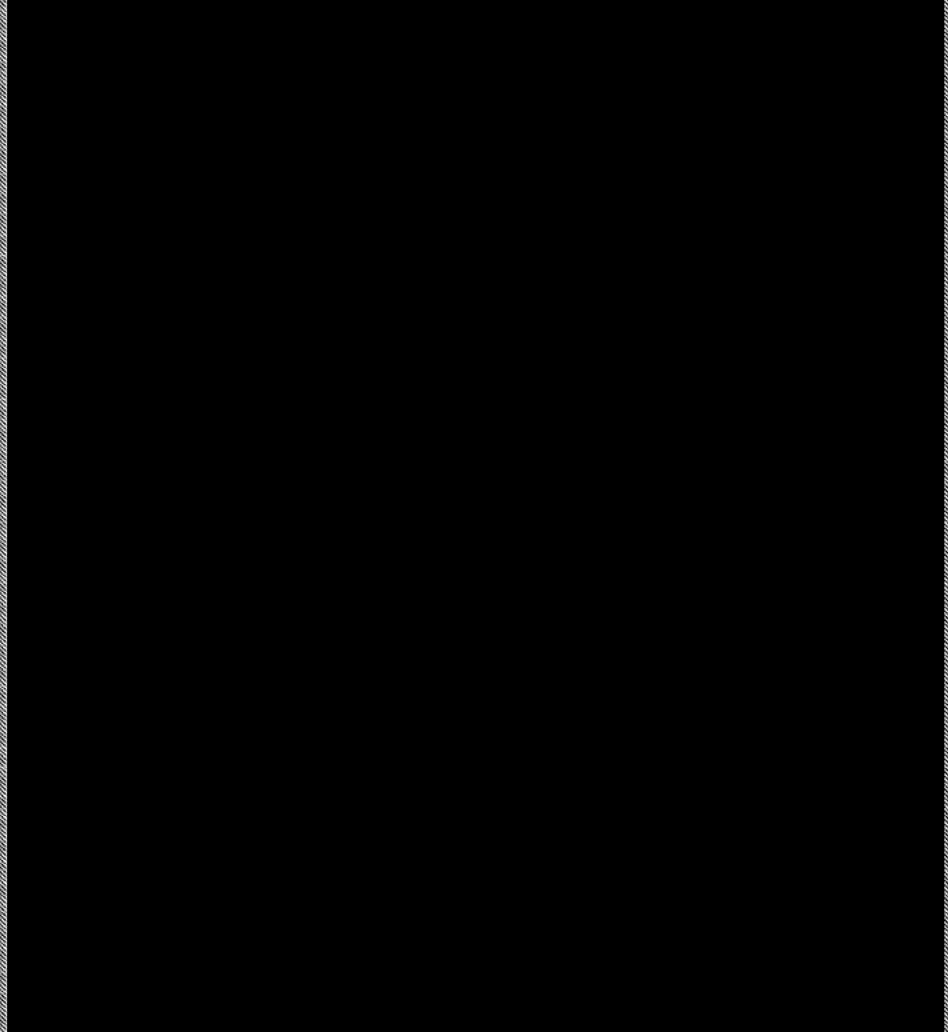
(b) (3) (P.L. 111-117), (b) (7)(C)



Total Firearms
Purchased as of
Feb 27, 2010
785115-10-0004

PURCHASE SUMMARY				
NAME	SCU	NO. OF	PRICE	DATE
		ITEMS	PER	

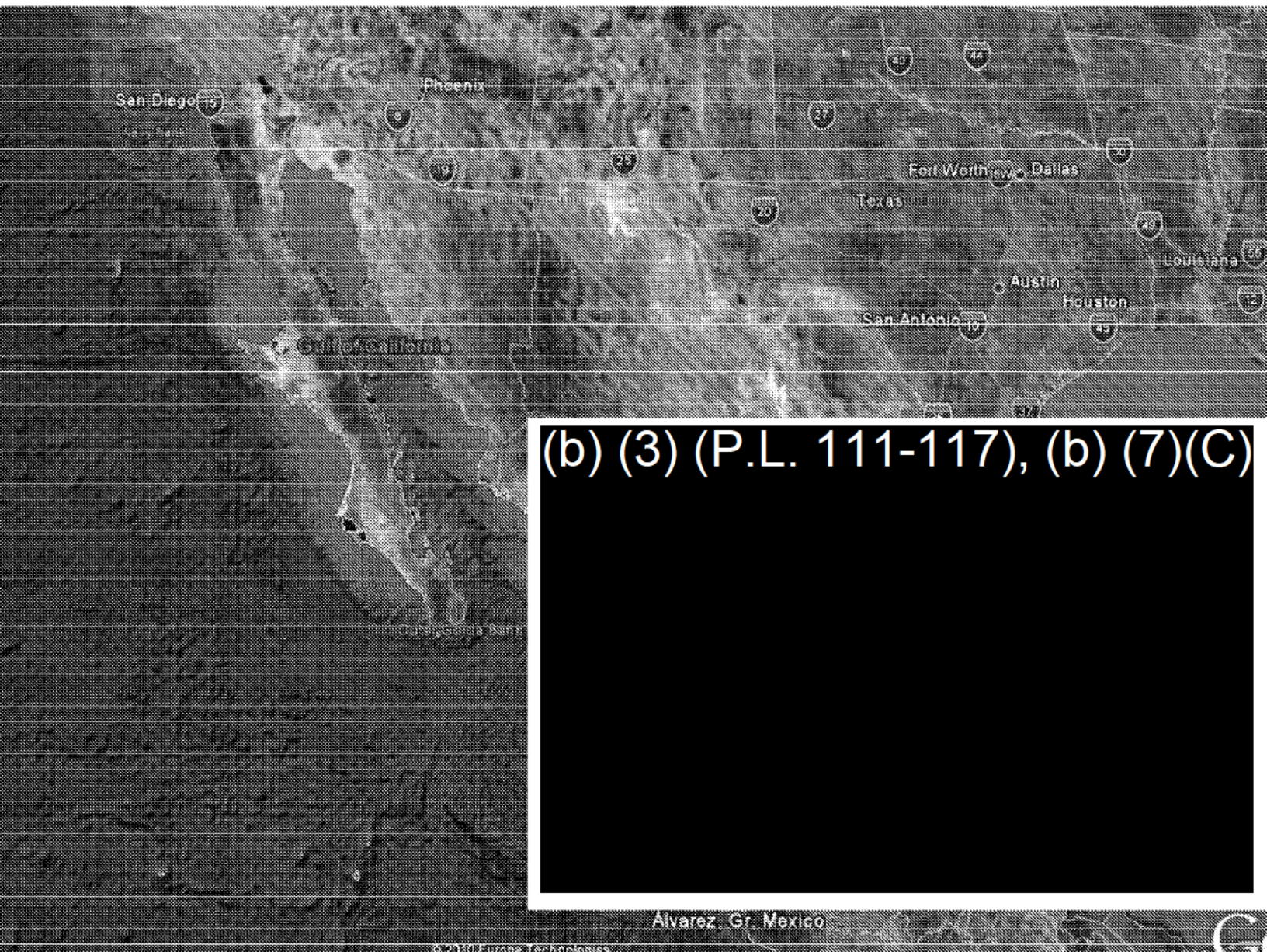
(b) (3) (P.L. 111-117), (b) (7)(C)



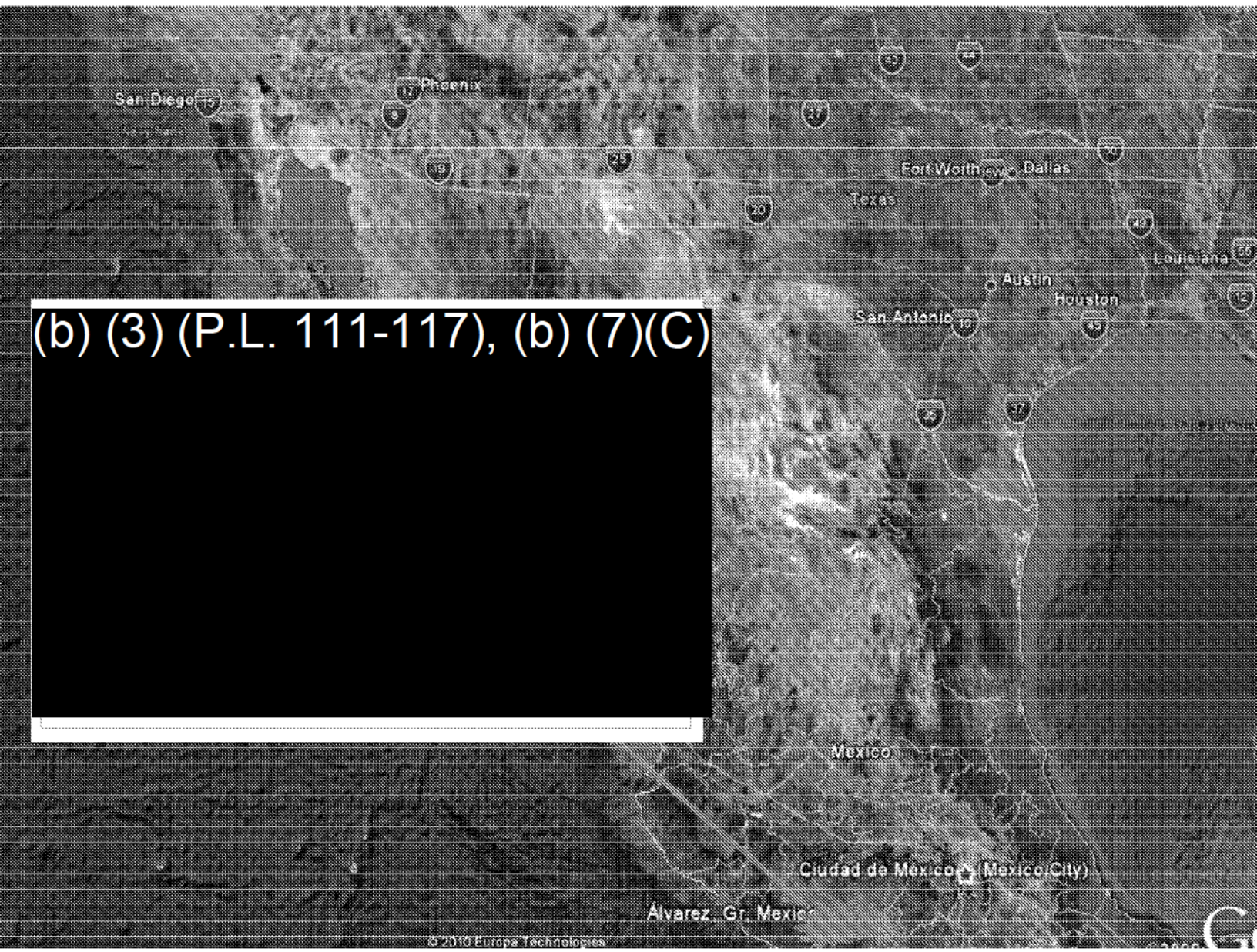
Total Cost of
Firearms
Purchased as of
Feb 27, 2010
785115-10-0004

785115-10-0004

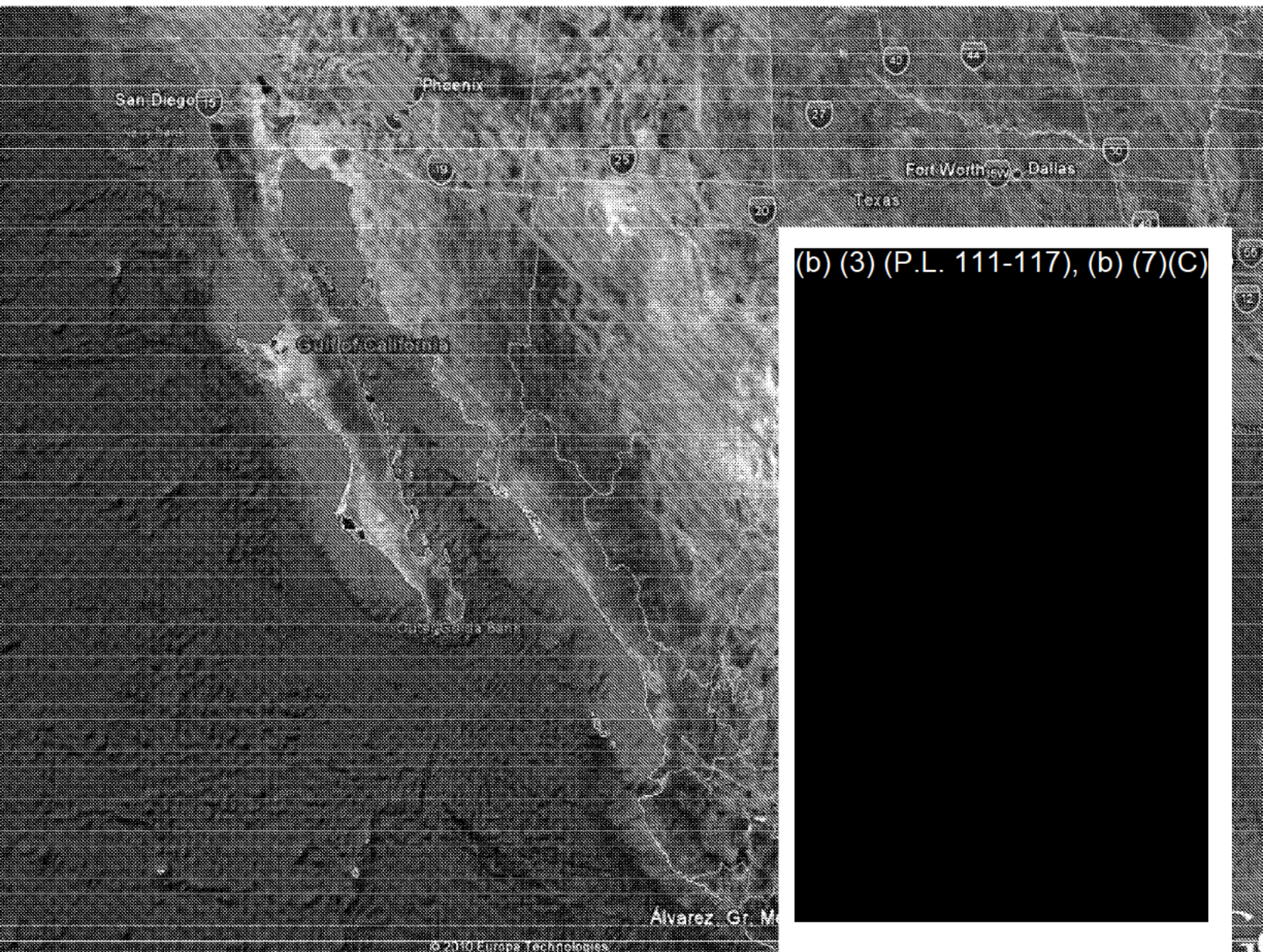
(b) (3) (P.L. 111-117)



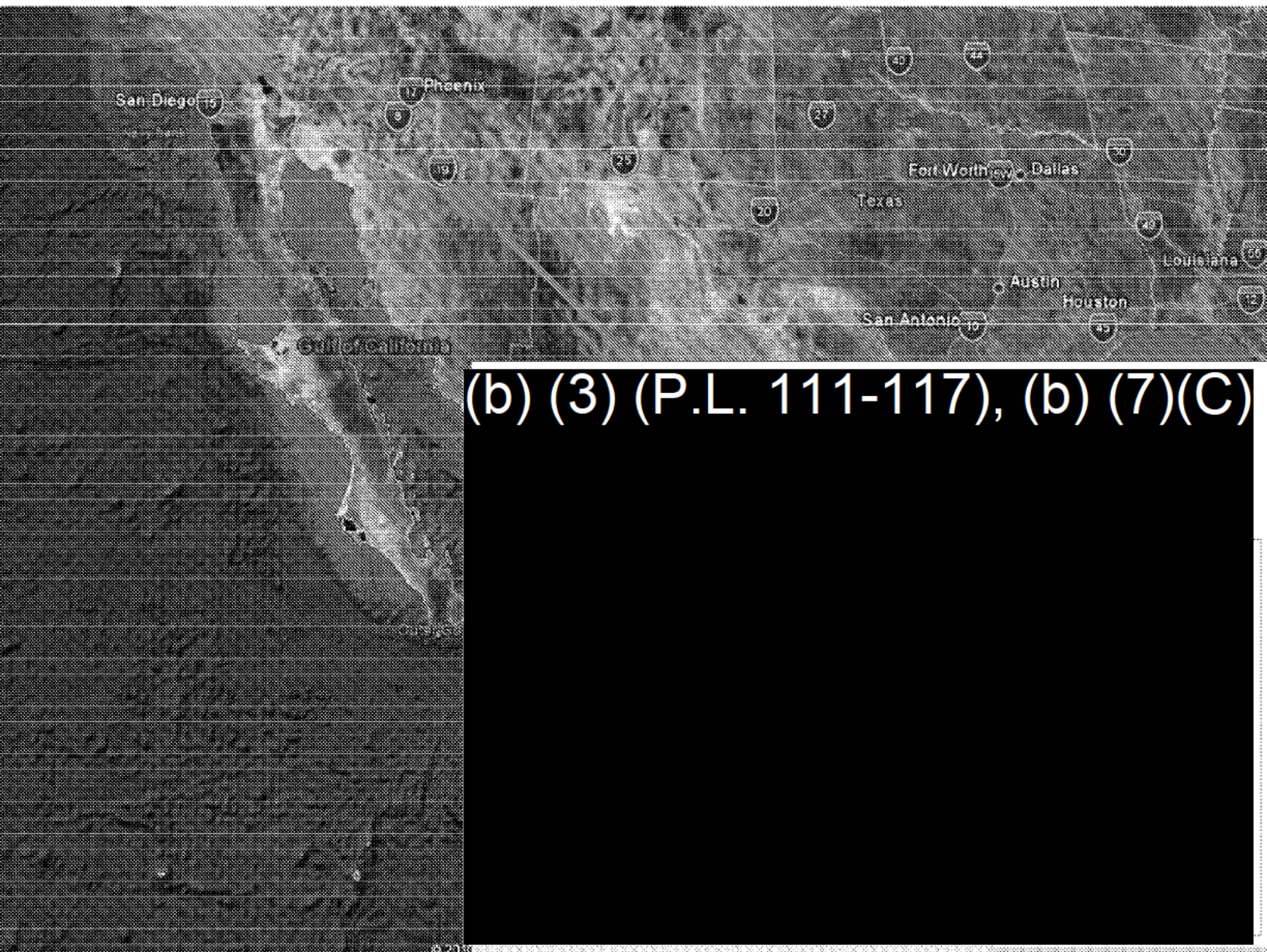
(b) (3) (P.L. 111-117), (b) (7)(C)



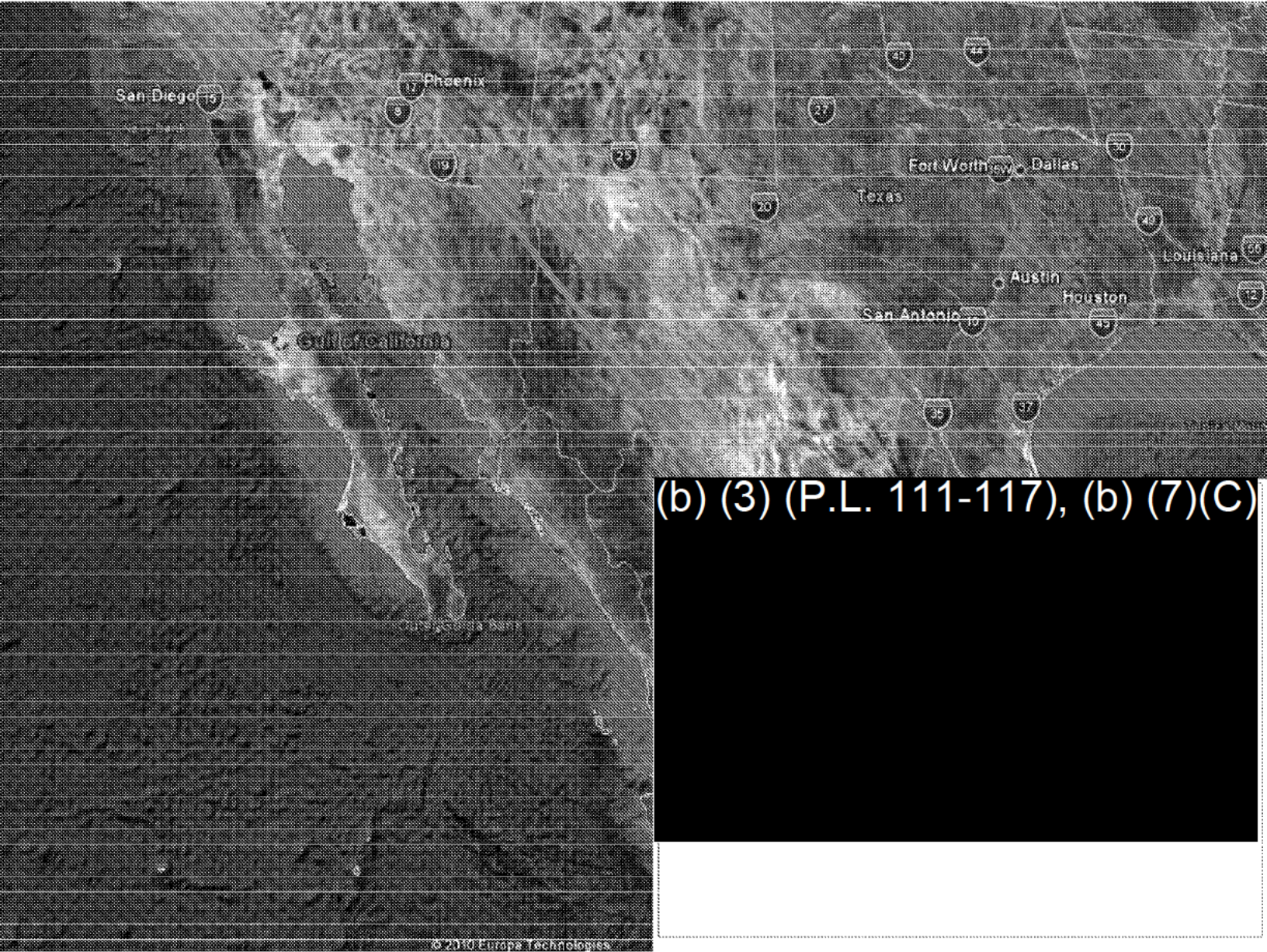
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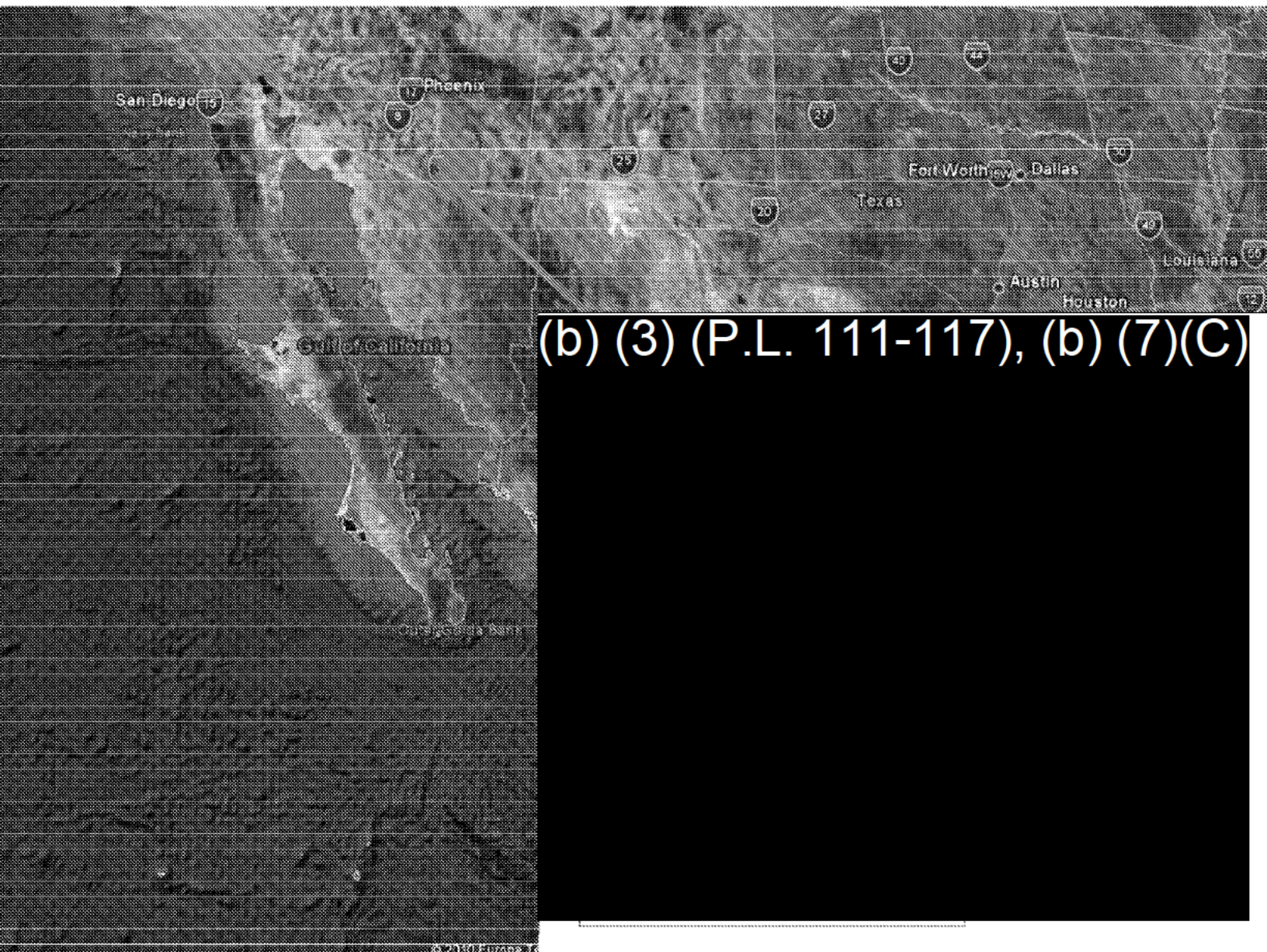


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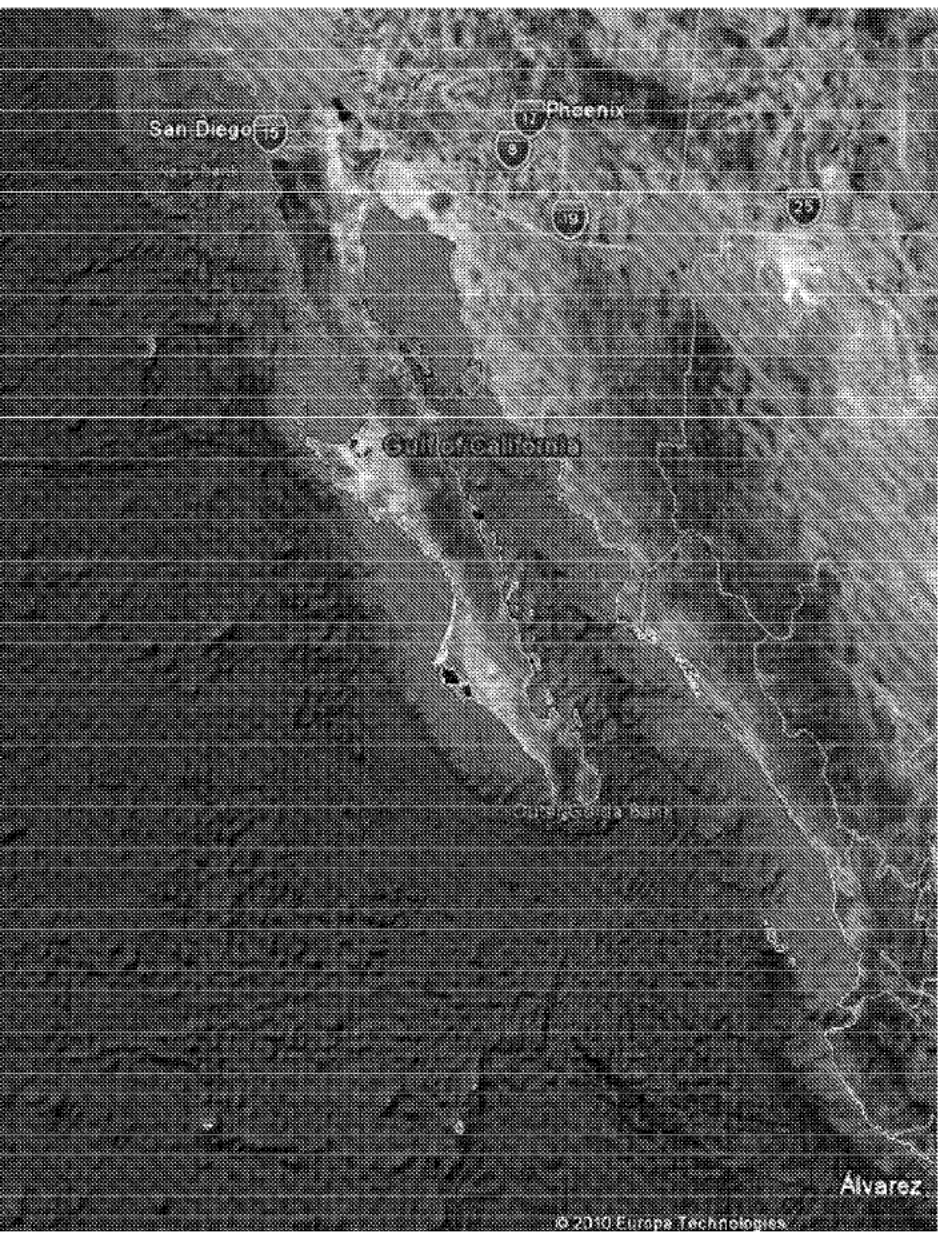


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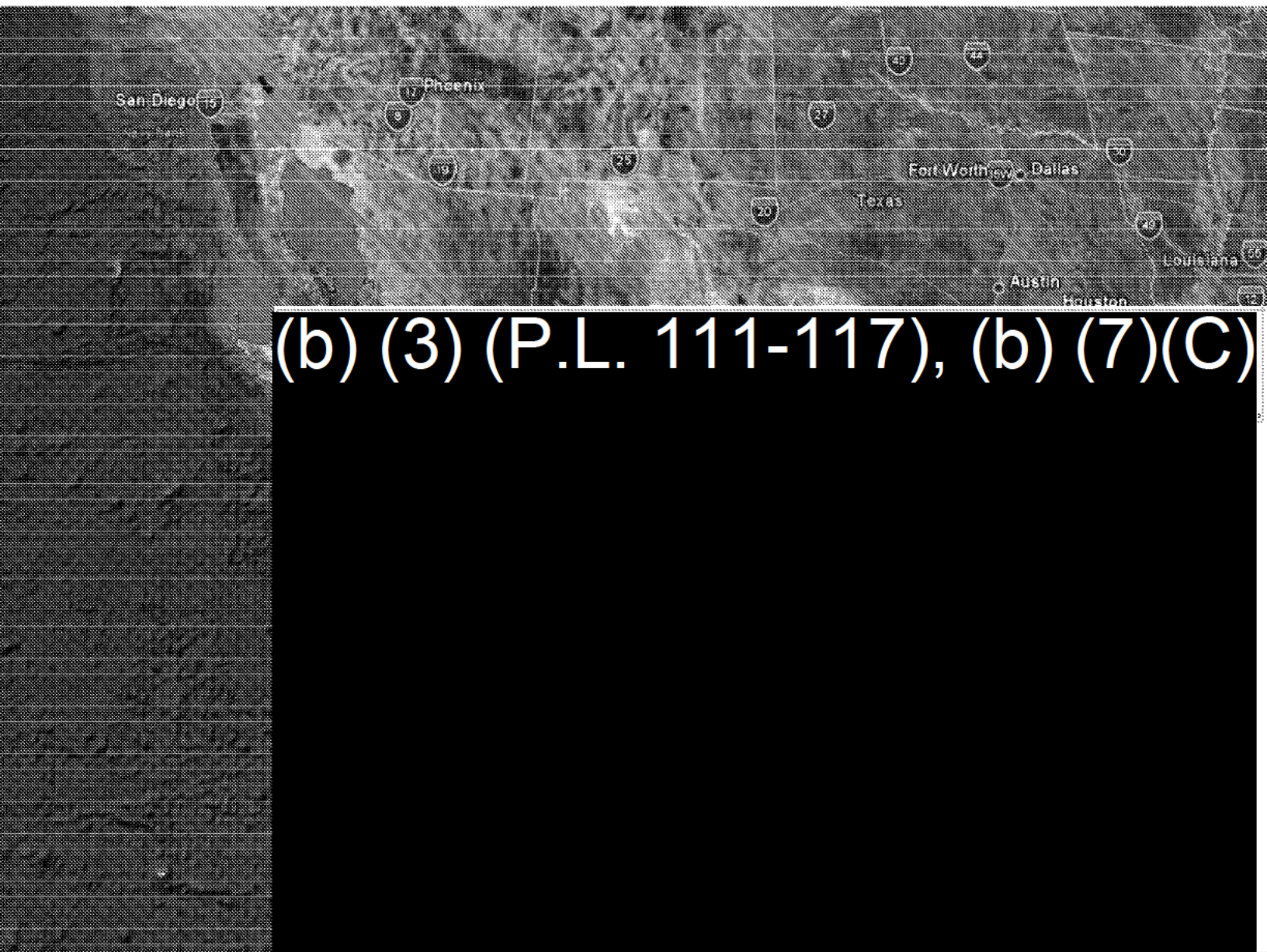




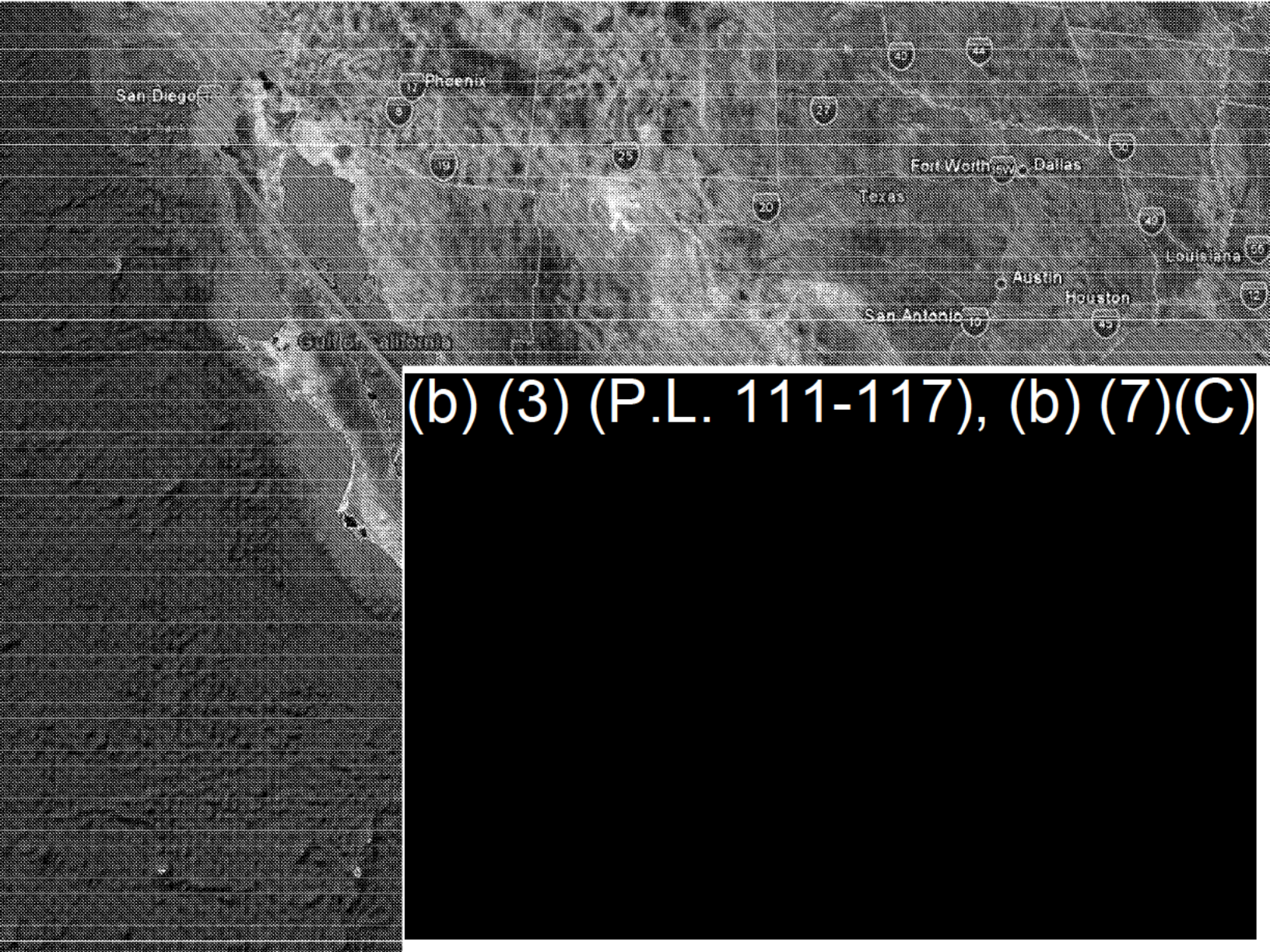
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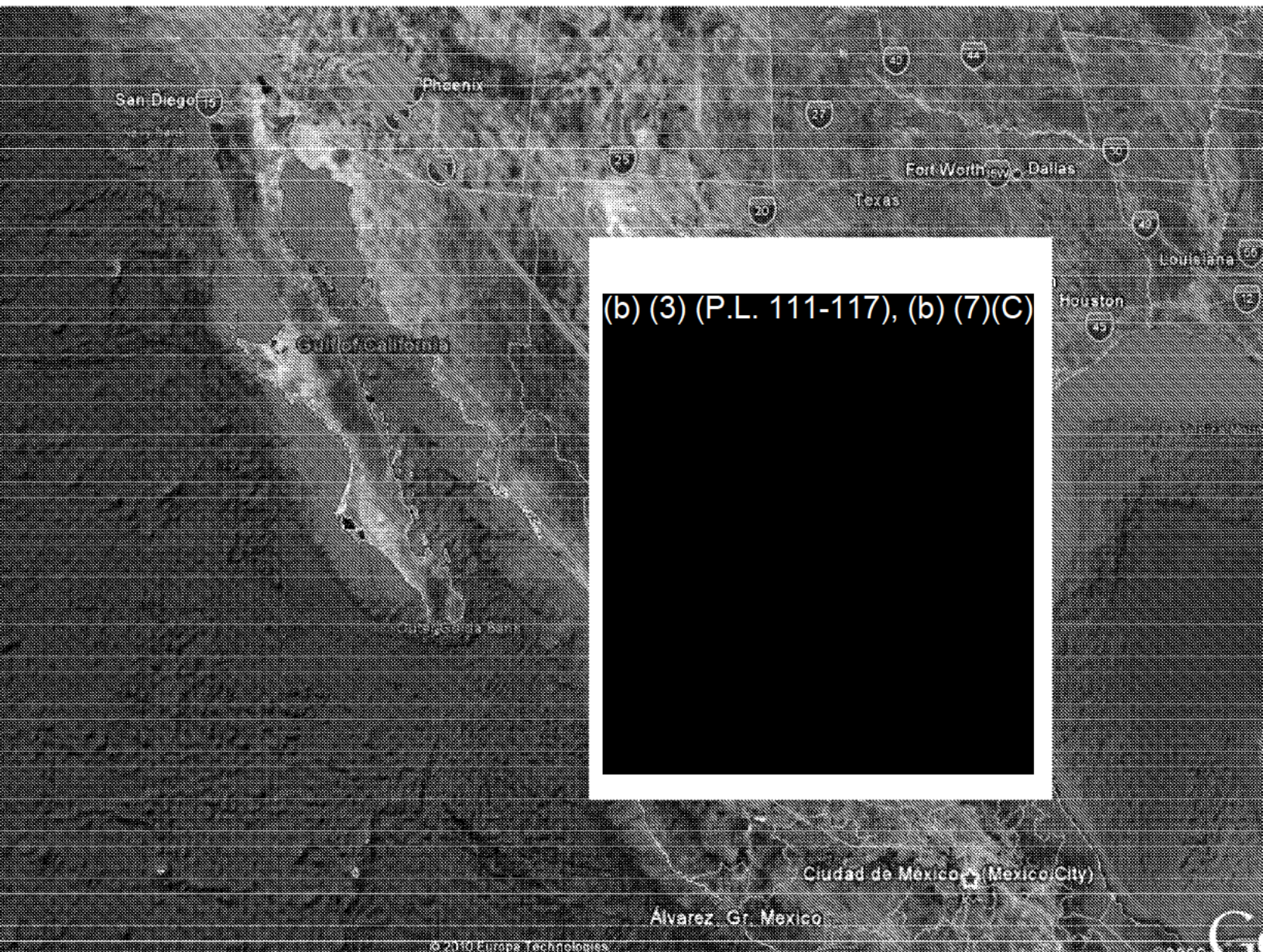


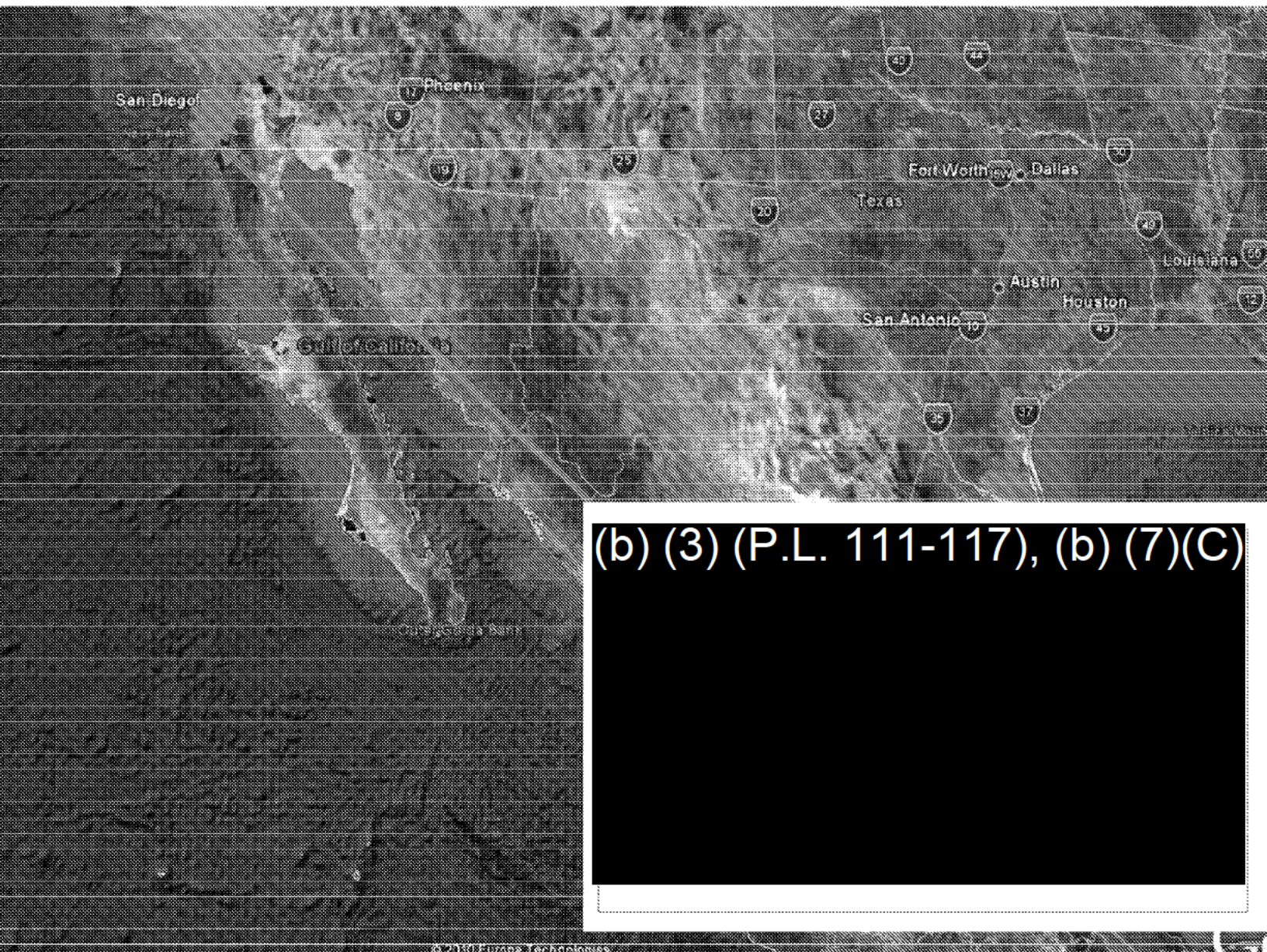
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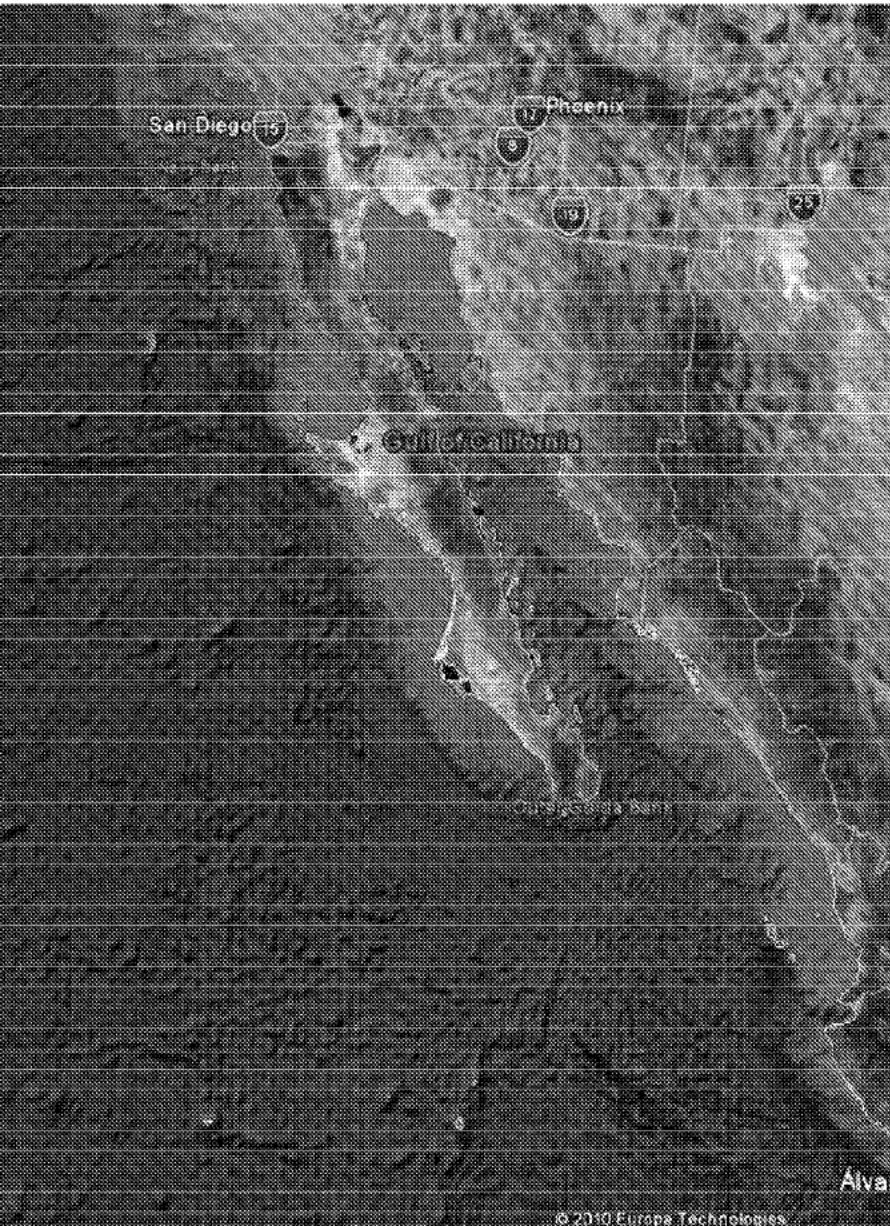
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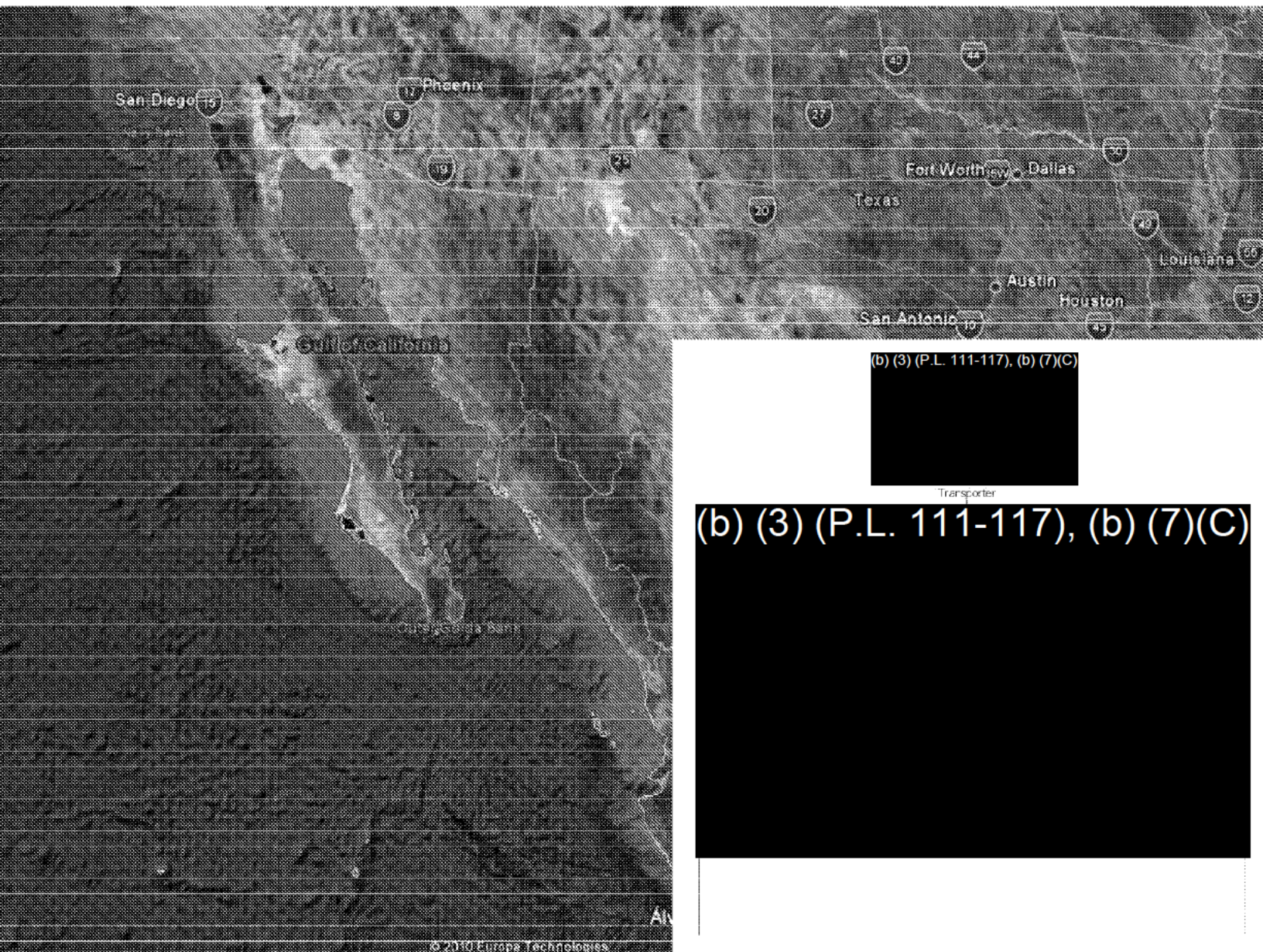
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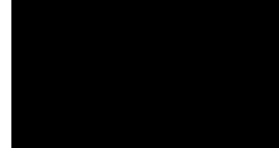
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(b) (3) (P.L. 111-117), (b) (7)(C)

781035-10-0016-(b) (7)(C)

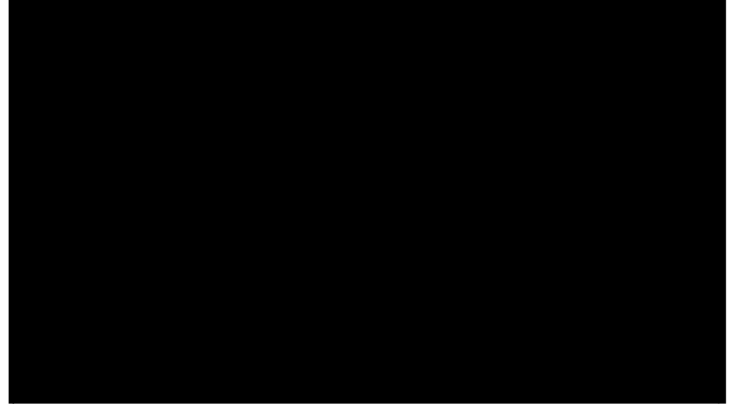


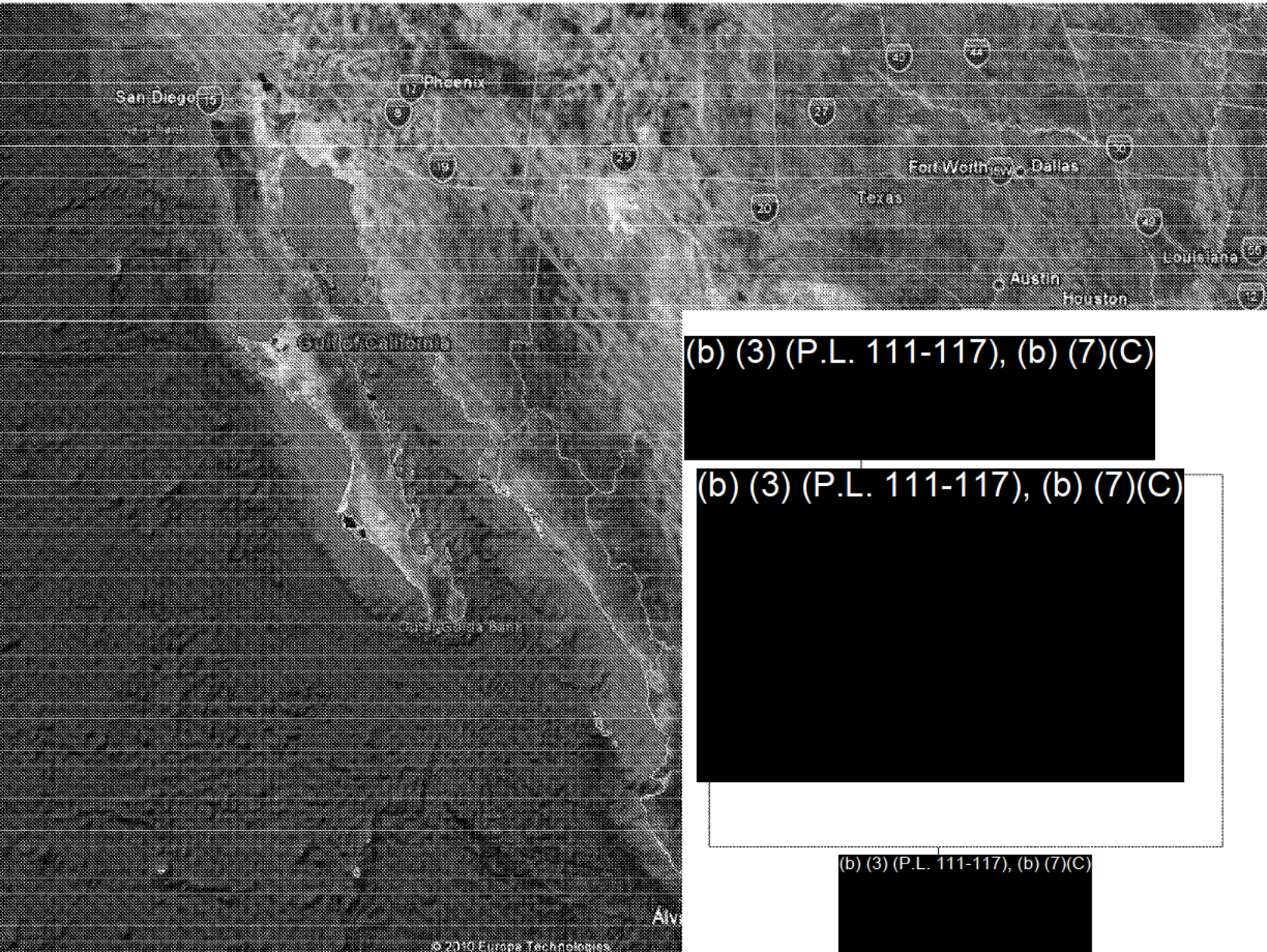
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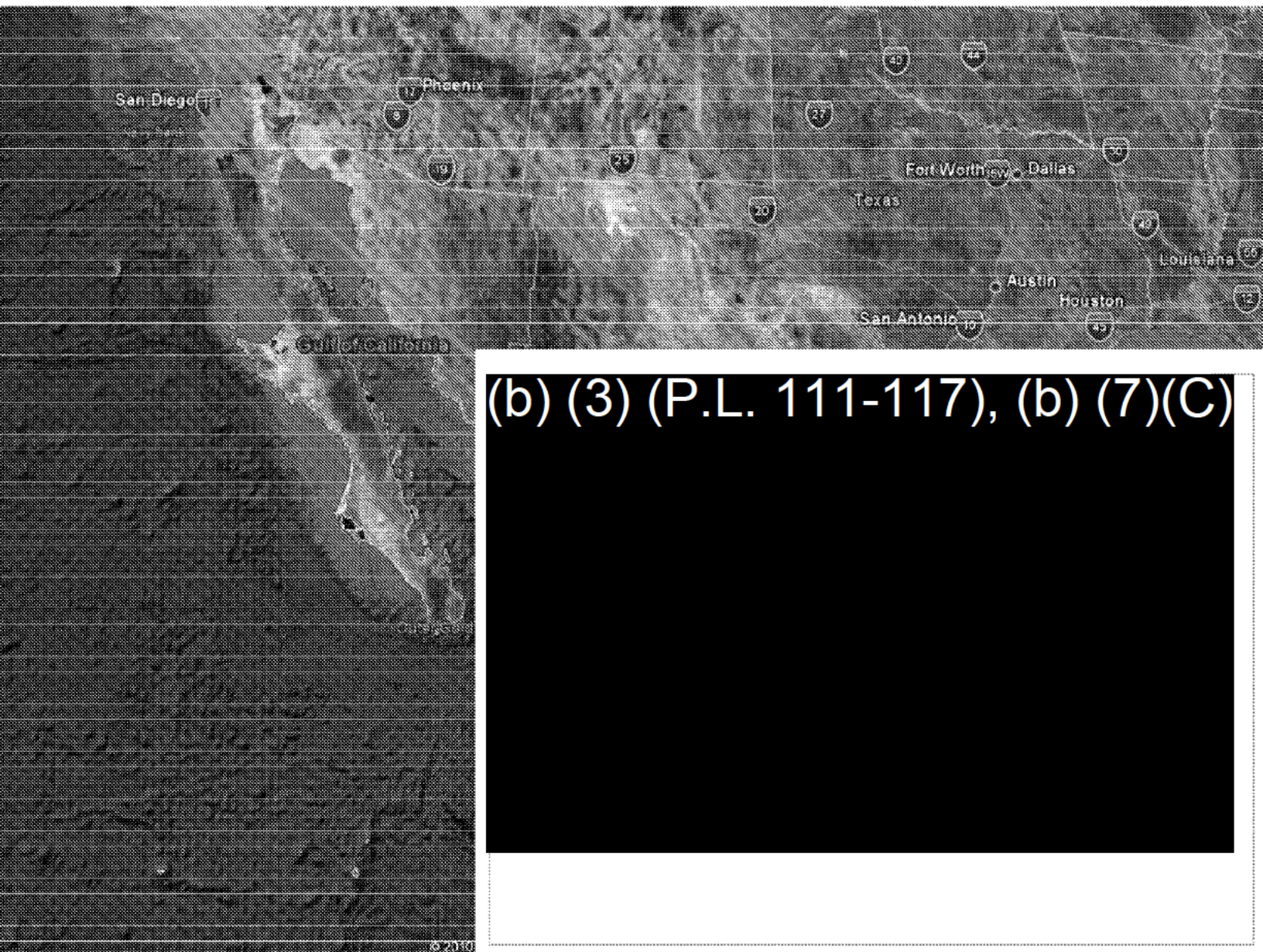


Transporter

(b) (3) (P.L. 111-117), (b) (7)(C)



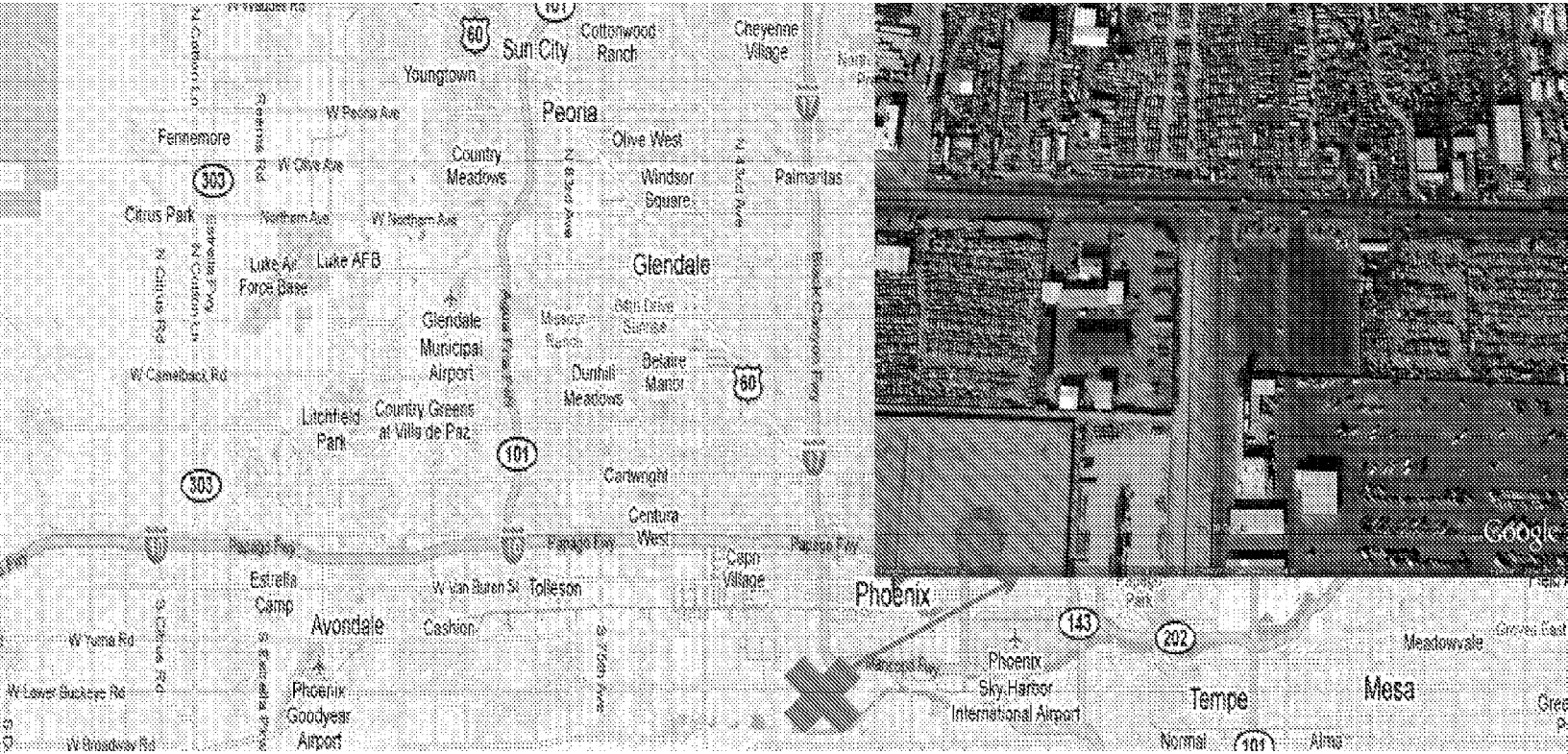




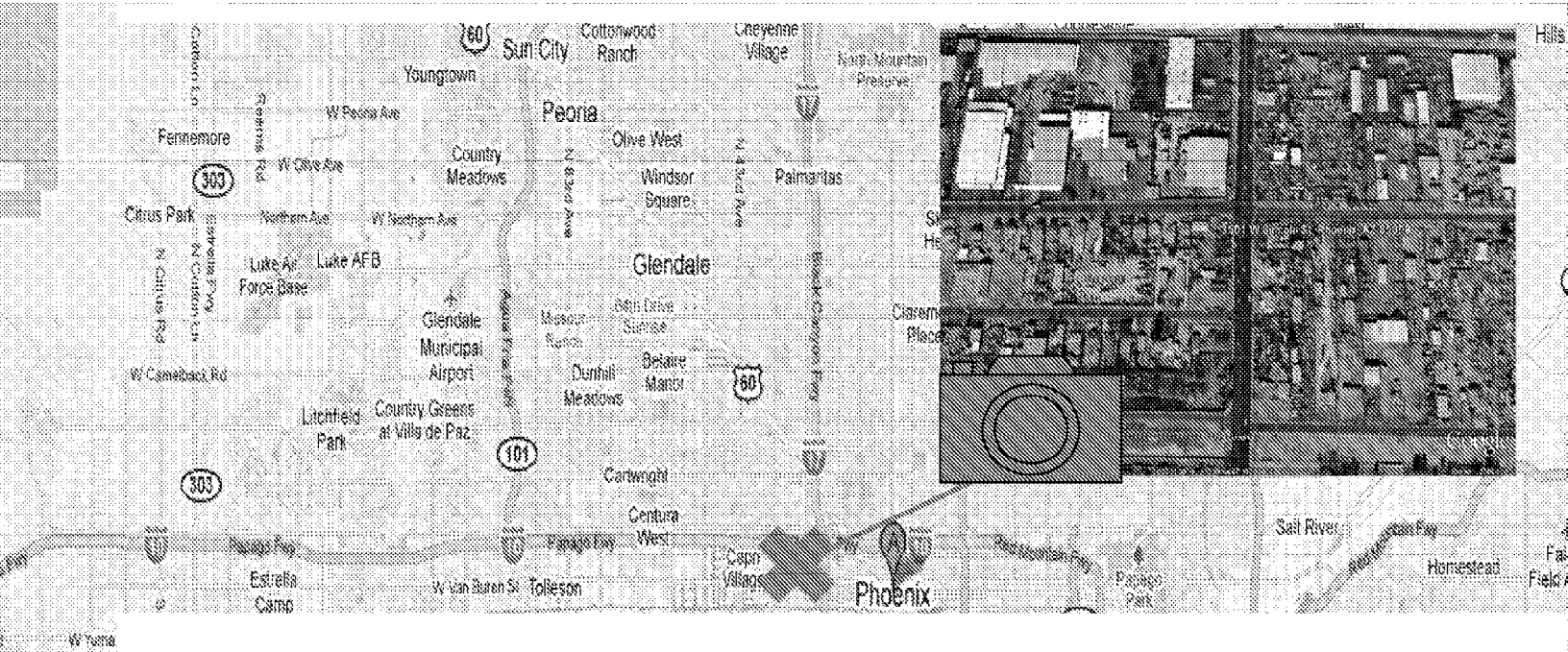
(b) (7)(C)

(b) (7)(C)

INSURANCE AUTO AUCTIONS



AMERICAN BODY SHOP/ CARLON'S AUTO SERVICE



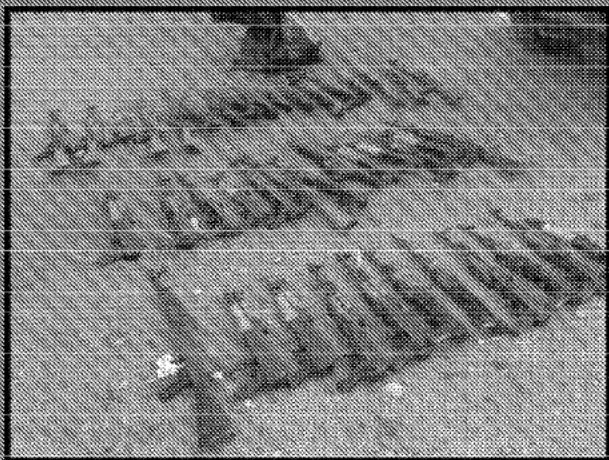
(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

(b) (7)(C)

Associated Cases



- Phoenix 785115-04-0004

(b) (7)(C)

- Tucson 785085-06-0051
(Operation Wide Receiver)

- Phoenix 785115-09-0003

(b) (7)(C)

- El Paso 781035-10-0016-

(b) (7)(C)

From: (b) (7)(C)
Sent: Thursday, March 31, 2011 2:09:12 PM
To: Champion, Robert R.; Webb, J. Dewey; McMahon, William G.; (b) (7)(C)
 (b) (7)(C) Needles, James R.
Subject: FW: Las Cruces connection to (b) (7)(C) Dallas area targets, Houston/Laredo (b) (7)(E)
Attachments: La Pryor 8-7-10.xlsx

Las Cruces Case 785096 10 0035

Attached is a summary of (21) firearms seized and traced stemming from a Zavala Co SO (TX) traffic stop in La Pryor TX on 8/7/10, pursuant to a BOLO arranged by Las Cruces office, case number 785096-10-0035. This case is not 6(e) and you may be able to access it and read background. Refer to ROIs #1, Para's 6, 8, 9 and 12-17 for details of purchases on (b) (7)(C)

and our surveillances. Need to compare (b) (7)(C), (b) (7)(E)

(b) (7)(C), (b) (7)(E) ROI #2 addresses the (b) (7)(C)

(b) (7)(C) Las Cruces caused a BOLO on one of their suspect cars, a white Saturn, leading to this seizure. However, the seized guns were NOT the ones that ATF surveilled during/after (b) (7)(C) purchases on 7/27 and 7/29.

The attached list reflects that the (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117) This information is not reflected in the Las Cruces file. (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C) Las Cruces file does not indicate this or report what we know about subsequent recoveries/traces of the (8) guns we saw the (b) (7)(C) purchase. (We're checking on that now.) Due to all these being oblit's, (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C) Based on the original Dallas BP/timeline on

(b) (7)(C) he was first identified by Dallas on/about 11/9/10 on a ruse traffic stop following the DEA/ATF controlled delivery of (40) guns. After the 11/9/10 DEA/ATF caper for the (40) guns, Dallas Intell worked up packages on both (b) (7)(C)

(b) (7)(C) at that time, I believe that Dallas Intell stated (11/30/10) that (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C) which happened to be the one from La Pryor traffic stop (Las Cruces BOLO).



La Pryor
8-7-10.xlsx
(19 KB)

(b) (7)(C)

Chief, Firearms Operations Division
 ATF HQ - Room 6.S.129
 202.648 (b) (7)(C) Cell (b) (7)(C)

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 5:33 PM
To: (b) (7)(C)
Cc:
Subject: RE: Need help ASAP (sensitive)

(b) (3) (P.L. 111-117)

Please be advised that the Consolidated Appropriations Act of 2010, Public L. 111-117, which became effective on December 16, 2009, restricts the disclosure of any part of the contents of the Firearms Tracing System or any information required to be kept by Federal Firearms Licensees pursuant to 18 USC 923(g), or required to be reported pursuant to 18 USC 923(g)(3) and 923(g)(7).

The information, which is being provided per your request, is for official law enforcement use only and may only be disseminated by the Bureau of Alcohol, Tobacco, Firearms and Explosives to a Federal, State, local, or tribal law enforcement agency, or a Federal, State, or local prosecutor; or a foreign law enforcement agency solely in connection with and for use in a criminal investigation or prosecution; or a Federal agency for a national security or intelligence purpose. This disclosure restriction shall not be construed to prevent the sharing or exchange of such information among and between Federal, State, local, or foreign law enforcement agencies, Federal, State, or local prosecutors, and Federal national security, intelligence, or counterterrorism officials. Congress has prohibited the public release of any data by the recipient law enforcement agency. The publication of statistical aggregate data regarding firearms traffickers and trafficking channels, firearms misuse, felons, and trafficking investigations is exempt from the restriction. If you have questions regarding these restrictions please contact ATF legal counsel prior to disclosing any of the information provided in this correspondence outside of ATF.

Sincerely,

(b) (7)(C)

*Intelligence Program Specialist
Bureau of Alcohol, Tobacco, Firearms and Explosives
Office of Strategic Intelligence and Information
Violent Crime Intelligence Division
Violent Crime Analysis Branch
Main Office #: (304) 616-4100
Direct #: (b) (7)(C)
Fax #: (304) 616-4101*

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 4:48 PM
To: (b) (7)(C)
Subject: FW: Need help ASAP (sensitive)

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From: (b) (7)(C)
Sent: Tuesday, March 29, 2011 4:47 PM
To: (b) (7)(C)
Subject: Need help ASAP (sensitive)

As discussed --

(b) (3) (P.L. 111-117)

(b) (3) (P.L. 111-117)

(b) (3) (P.L. 111-117) Can you locate and email to me?

Thanks

(b) (7)(C)

Chief, Firearms Operations Division

ATF HQ - Room 6.S.129

202.648 (b) (7)(C) Tel (b) (7)(C)

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(b) (3) (P.L. 111-117)

(b) (3) (P.L. 111-117), (b) (7)(C)

(b) (7)(C)

(b) (7)(C)

From: (b) (7)(C)
Sent: Employee 3, March 31, 2011 12:15:19 PM
To: (b) (7)(C) Hoover, William J.
Subject: FW: Need Help...

6184

Attachments: Etrace MOU-Mexico-Spanish.tif; Etrace MOU-Mexico-English.tif

Per your request.

(b) (7)(C)

DOJ- Bureau of Alcohol, Tobacco, Firearms & Explosives
Chief - Office of Legislative Affairs

(b) (7)(C) (mobile1)
(b) (7)(C) (mobile2)
202.648 (b) (7)(C) (office)
202.648.9708 (fax)

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

From: (b) (7)(C)
Sent: Thursday, March 31, 2011 11:59 AM
To: (b) (7)(C)
Subject: Fw: Need Help...

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

From: (b) (7)(C)
To: (b) (7)(C)
Sent: Thu Mar 31 11:56:09 2011
Subject: RE: Need Help...

Here you go and No Problem!

(b) (7)(C)

Program Analyst
International Affairs Office
202-648-(b) (7)(C)

(b) (7)(C)

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ATF8-001-001-00018941

express authorization is strictly prohibited.

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

6185

From: (b) (7)(C)
Sent: Thursday, March 31, 2011 11:52 AM
To: (b) (7)(C)
Subject: Re: Need Help...

Great..Yes it is. Thank you

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

From: (b) (7)(C)
To: (b) (7)(C)
Sent: Thu Mar 31 11:49:22 2011
Subject: RE: Need Help...

Hey (b) (7)(C)

Is this the one signed back in October? If so I have it on my computer and I can send it on?

(b) (7)(C)

Program Analyst
International Affairs Office
202-648-(b) (7)(C)

(b) (7)(C)

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

From: (b) (7)(C)
Sent: Thursday, March 31, 2011 11:39 AM
To: (b) (7)(C)
Subject: Need Help...

Hey (b) (7)(C) I'm still in a mtg with (b) (7)(C) and I got a request from from DOJ via (b) (7)(C) for a copy of the MOU for Mexico Etrace... (b) (7)(C) believes it may have been left with (b) (7)(C) (b) (7)(C) or in the Directors office. Can you please check in (b) (7)(C) office and see if you see it there on his desk and let me know? Should be an english and spanish version.

Thank you

(b) (7)(C)

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MEMORÁNDUM DE ENTENDIMIENTO ENTRE LA PROCURADURÍA GENERAL DE LA REPÚBLICA DE LOS ESTADOS UNIDOS MEXICANOS Y LA OFICINA DE ALCOHOL, TABACO, ARMAS DE FUEGO Y EXPLOSIVOS DE LOS ESTADOS UNIDOS DE AMÉRICA PARA EL ACCESO AL SISTEMA DE RASTREO DE ARMAS DE FUEGO ETRACE

La Procuraduría General de la República (PGR) de los Estados Unidos Mexicanos y la Oficina de Alcohol, Tabaco, Armas de Fuego y Explosivos (ATF) de los Estados Unidos de América, en adelante "los Participantes",

CONSIDERANDO que la PGR es el órgano del Gobierno mexicano que está, entre otras cosas, a cargo de la investigación y persecución de los delitos federales, así como, facultado para suscribir acuerdos con agencias de gobiernos extranjeros para fortalecer la cooperación mutua para combatir el tráfico de armas de fuego;

CONSIDERANDO que la ATF es una agencia del Departamento de Justicia de los Estados Unidos de América dedicada a proteger a la nación de, entre otras cosas, crímenes violentos, el crimen organizado, uso ilegal y tráfico de armas de fuego, y uso ilegal de explosivos; y

CON LA INTENCIÓN de establecer las bases para la coordinación, cooperación y conducción, en sus respectivas jurisdicciones, de actividades de procuración de justicia e investigación relacionadas con el sistema eTrace,

Han alcanzado el siguiente entendimiento:

Sección I. Objetivo

El objetivo del presente Memorándum de Entendimiento es establecer los términos y condiciones conforme a los cuales la PGR podrá tener acceso y hacer uso del sistema eTrace.

eTrace es un sistema electrónico para solicitar el rastreo de armas de fuego que cuenta con un módulo computarizado de análisis de rastreos de fácil acceso a través de una conexión a la World Wide Web (Internet). Esta herramienta de Internet proporciona los medios necesarios para suministrar, obtener, almacenar y buscar información del rastreo de armas de fuego relativa a una jurisdicción particular, lo que permite el rastreo sistemático de las armas de fuego que pudieran haber sido recuperadas por las autoridades de procuración de justicia. El sistema eTrace está destinado exclusivamente para el uso de los funcionarios responsables de la procuración de justicia con el fin de combatir el tráfico ilícito de armas de fuego.

Mediante el envío de solicitudes y obtención de información sobre armas de fuego a través del sistema eTrace, la PGR podrá identificar mejor los patrones de tráfico de armas de fuego y la distribución geográfica de las zonas con altos índices de actividad delictiva, y los posibles orígenes de las armas de fuego ilícitas.

Sección II. Disposiciones Generales

1. El rastreo a que se refiere este Memorándum de Entendimiento está limitado a las armas de fuego aseguradas por autoridades mexicanas.
2. El Centro Nacional de Rastreo de la ATF será el receptor y depositario central de toda la información incorporada en la herramienta eTrace.
3. La PGR procurará integrar en el sistema eTrace información completa y exacta relacionada con el rastreo de armas de fuego en México. Para tal fin, coordinará y administrará, a través del Centro Nacional de Planeación, Análisis e Información para el Combate a la Delincuencia (CENAPI) la información generada por todas las autoridades mexicanas involucradas en el aseguramiento de armas de fuego.
4. A través del sistema eTrace, la PGR podrá tener acceso a toda la información generada por rastreos de armas de fuego aseguradas en México, ya sea que ésta haya sido capturada por los usuarios designados de la PGR o por usuarios de agencias estadounidenses.

Sección III. Procedimientos

Para cumplir con el objetivo del presente Memorándum de Entendimiento:

A. La PGR deberá:

1. Designar un punto de contacto principal y uno alternativo. Las personas designadas serán responsables de proporcionar y mantener una lista de todo el personal de la PGR que requiera tener acceso al sistema eTrace.
2. Completar el "Anexo A" (Usuarios de eTrace Autorizados por la PGR) de este Memorándum de Entendimiento. Únicamente tendrán acceso al sistema eTrace, las personas que figuren en el Anexo A como usuarios autorizados de la PGR.
3. Notificar inmediatamente al Centro Nacional de Rastreo (NTC) de la ATF la necesidad de suspender o revocar la cuenta de eTrace de una persona. Dicha suspensión o revocación podría ser necesaria por diversas razones, incluidas, entre otras: la transferencia de empleados, la jubilación o el término del empleo. La notificación inicial para la revocación de una cuenta podrá realizarse estableciendo contacto con el Grupo de Soporte de Usuarios de eTrace, en el número de teléfono (304) 260-1540.
4. Remitir al Grupo de Soporte de Usuarios de eTrace del NTC cualquier consulta técnica relacionada con el uso, operación o solución de dificultades técnicas relativas al eTrace, comunicándose al número telefónico: (304) 260-1540, fax: (800) 578-7223, correo electrónico: edward.stely@atf.gov, o a la dirección postal:

Oficina de Alcohol, Tabaco, Armas de Fuego y Explosivos
División del Centro Nacional de Rastreo
244 Needy Road

Martinsburg, WV 25401
Atención: Grupo de Soporte de Usuarios de eTrace

B. La ATF, a través del Centro Nacional de Rastreo, deberá:

1. Designar un punto de contacto principal y uno alterno.
2. Proporcionar a la PGR instrucciones detalladas acerca del procedimiento para solicitar y recibir una cuenta de usuario eTrace, una vez que inicie la vigencia del presente Memorándum de Entendimiento.
3. Procesar todas las solicitudes de acceso a eTrace de manera oportuna y facilitar la asignación de cuentas, incluido lo relativo a los identificadores de usuario y contraseña. Una vez activadas las cuentas, un representante de la NTC se pondrá en contacto con cada usuario y le proporcionará la información de su cuenta.
4. Desactivar inmediatamente la cuenta de usuario correspondiente, al recibir la solicitud de revocación enviada por la PGR.
5. Proporcionar a los puntos de contacto de la PGR y de la ATF un listado anual (o cuando le sea solicitado), de los usuarios autorizados del sistema eTrace de la PGR, para su revisión.

Sección IV. Puntos de Contacto

Los Participantes designarán puntos de contacto principales y alternos para coordinar todas las comunicaciones y asuntos relacionados con el presente Memorándum de Entendimiento.

Los puntos de contacto designados son los siguientes:

PGR: Centro Nacional de Planeación, Análisis e Información para el Combate a la Delincuencia (CENAPI)

Dirección: Xóchitl s/n, Col. El Reloj, Del. Coyoacán, C.P. 04640, México D.F.

	Contacto designado de la PGR	Contacto alterno de PGR
Nombre:	[REDACTED]	[REDACTED]
Cargo:	Titular del CENAPI	Coordinador General de Información contra la Delincuencia
Número telefónico:	[REDACTED]	[REDACTED]

ATF: Centro Nacional de Rastreo
Dirección: 244 Needy Road
Martinsburg, WV 25401
(800) 788-7133

	Contacto designado de ATF	Contacto alternativo de ATF
Nombre:	[REDACTED]	[REDACTED]
Cargo:	Agregado de ATF en la Ciudad de México	Agregado Asistente de ATF en México
Número telefónico:	[REDACTED] (oficina) [REDACTED] (celular)	[REDACTED] (oficina) [REDACTED] (celular)

Sección V. Manejo y Protección de la Información

1. La información obtenida en virtud de este Memorándum de Entendimiento podrá ser utilizada en un procedimiento judicial o administrativo, sólo de conformidad con las leyes, reglamentos y procedimientos legales respectivos de cada uno de los Participantes.
2. De conformidad con sus respectivas leyes, los Participantes reconocen que la difusión prematura de cierta información de armas de fuego podría razonablemente interferir en los procedimientos judiciales pendientes o futuros, relacionados con el tráfico ilícito de armas. Esta información sensible se refiere a los datos que puedan vincular un arma de fuego rastreada con: la ubicación de un delito; el titular de una licencia federal de armas de fuego; el comprador minorista o poseedor de un arma de fuego rastreada, o a patrones de tráfico de armas de fuego que involucren un arma de fuego rastreada. Por lo tanto, ni la PGR, ni la ATF, podrán divulgar información sensible para la procuración de justicia sobre el rastreo de armas de fuego generada a partir del presente Memorándum de Entendimiento, a un órgano que no esté encargado de la procuración de justicia, sin el consentimiento del otro Participante, a menos que esté obligado por ley.
3. Los Participantes reconocen que los rastreos están restringidos a armas de fuego ilegalmente poseídas, que sean utilizadas en un delito, aseguradas por autoridades de seguridad pública, o de las cuales funcionarios de seguridad pública sospechen que han sido utilizadas en un delito o en un acto de terrorismo.

Sección VI. Mecanismo de Seguimiento

Cada uno de los Participantes procurará designar a un representante para evaluar y dar seguimiento a la implementación del presente Memorándum de Entendimiento.

Los representantes designados procurarán elaborar informes periódicos para los Participantes, sobre los resultados obtenidos en el marco del presente Memorándum de Entendimiento. Asimismo, resolverán cualquier aspecto derivado de la aplicación o interpretación del mismo, a través de consultas.

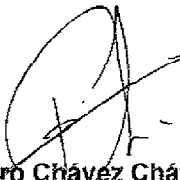
Sección VII. Disposiciones Finales

1. El presente Memorándum de Entendimiento entrará en vigor a partir de la fecha de su firma y permanecerá vigente hasta que cualquiera de los Participantes decida darlo por terminado mediante comunicación por escrito dirigida al otro Participante con treinta (30) días de anticipación.

2. La terminación del presente Memorandum de Entendimiento dará lugar a la revocación de todas las cuentas de eTrace proporcionadas de conformidad con este Memorandum de Entendimiento.
3. El presente Memorandum de Entendimiento podrá ser modificado de común acuerdo por los Participantes, por escrito.


Firmado en la Ciudad de México, a los cinco días del mes de octubre de 2010, en dos originales en inglés y en español, siendo ambos textos igualmente auténticos.

**POR LA PROCURADURIA GENERAL DE LA
REPUBLICA DE LOS ESTADOS UNIDOS
MEXICANOS**



Arturo Chávez Chávez
Procurador

**POR LA OFICINA DE ALCOHOL, TABACO,
ARMAS DE FUEGO Y EXPLOSIVOS DE LOS
ESTADOS UNIDOS DE AMERICA**



Kenneth E. Melson
Director Interino

From: (b) (7)(C)
Sent: Thursday, March 31, 2011 11:24 AM
To: (b) (7)(C)
Subject: Fw: Timelines
Attachments: Timeline (b) (7)(C).doc; TIMELINE FOR (b) (7)(C) INVESTIGATION.doc;
(b) (7)(C) case timeline.docx

Call Champ. He said he has a correction to make on this reference Las Cruces.

(b) (7)(C)

(b) (7)(C) Division Chief Firearms Operations Division
202-648 (b) (7)(C) Cell (b) (7)(C)

NOTICE: This e-mail message and any attached files are intended solely for the use of the addressee(s) named above in connection with official business. This communication may contain Sensitive But Unclassified information that may be statutorily or otherwise prohibited from being released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of the Bureau of Alcohol, Tobacco, Firearms & Explosives or the Department of Justice without express authorization is strictly prohibited.

From: (b) (7)(C)
To: (b) (7)(C)
Sent: Wed Mar 30 20:52:33 2011
Subject: FW: Timelines

fyi

(b) (7)(C)
Chief, Firearms Operations Division
ATF HQ - Room 6.S.129
202.648 (b) (7)(C) Cell (b) (7)(C)

This e-mail message and any attached files are intended solely for the use of the addressee(s) named above in connection with official business. This communication may contain information that is Law Enforcement Sensitive, For Official Use Only, and/or Controlled (Non-public) that may be statutorily or otherwise prohibited from being released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of ATF or the Department of Justice without express authorization is strictly prohibited.

From: Champion, Robert R.
Sent: Wednesday, March 30, 2011 6:20 PM
To: McMahon, William G. (b) (7)(C)
Subject: FW: Timelines

Here is a timeline for Dallas investigation and how things transpired as it relates to our investigations. I hope this helps clear things up and please forward to whom you see fit.

Thanks,

Robert R. Champion
Special Agent in Charge
U.S. Department of Justice
Bureau of Alcohol, Tobacco, Firearms and Explosives
Dallas Field Division
(469) 227-4300

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From: (b) (7)(C)
Sent: Wednesday, March 30, 2011 5:14 PM
To: Champion, Robert R.
Cc: Smith, Charles E.; Walker, Carl W.
Subject: Timelines

Here is the timeline for (b) (7)(C). One is the combined timeline and the other two are just the combined timeline broken out between (b) (7)(C).

G/S (b) (7)(C)
Dallas Group I (Intel)
469.227.(b) (7)(C) Ofc
(b) (7)(C) ell

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Dallas Group III (b) (7)(C) Time Line

September 20, 2010: Intel IOI (b) (7)(C) reviews weekly NTC report which discloses (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) Traces are printed and forwarded to Dallas III for review.

September 20, 2010: Intel IOI (b) (7)(C) sends email to Roswell, NM, Agent (b) (7)(C) advising him of S/A (b) (7)(C) investigation of (b) (7)(C) and asks if they are looking at person named (b) (7)(C)

September 21, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices from the NTC Quick Look report that S/ (b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IOI (b) (7)(C) emails S/A (b) (7)(C) and cc's S/A (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) Las Cruces) with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C) is known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved at (b) (7)(C) This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

October 7, 2010: FFL- (b) (7)(D) telephones Intel IOI (b) (7)(C) regarding possible suspicious purchases at his shop and gun shows. (b) (7)(C) emails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) two Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) (b) (7)(C)

(b) (7)(C) Previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/A (b) (7)(C) mails same day that he is looking into (b) (7)(C) and has spoken to the FFL a few weeks ago.

October 10, 2010: (b) (7)(C) purchased the Draco 7.62 pistol subsequently used in the murder of ICE Agent Jaime Zapata.

November 5, 2010: Laredo ATF received information from (b) (7)(E) (b) (7)(E) someone to transport approximately 50 firearms from Dallas to Laredo, Texas.

November 5, 2010: ATF and DEA from Laredo along with Dallas ATF arranged for (b) (7)(E) (b) (7)(E) made telephone contact with the suspected gun traffickers and arrange to meet the following day to pick up the guns.

November 9, 2010: ATF and DEA arranged the undercover meet between the Dallas informant and the persons delivering the firearms at a local Wal-Mart parking lot near Dallas, Texas. During the U/C operation Dallas ATF was able to identify the individuals who dropped off the firearms at (b) (7)(C). The firearms were recovered by ATF Agents and driven down to Laredo that same day. ATF Laredo arranged for local law enforcement officers to seize the firearms as part of a staged traffic stop. In total 40 firearms were seized, 37 of which had obliterated serial numbers.

November 10, 2010: Three of the firearms that were recovered had serial numbers that could be identified and traces were initiated.

November 17, 2010: the remaining firearms were entered into N-Force and sent to the ATF lab in San Francisco CA. for serial number restoration (37).

January 28, 2011: The ATF Lab advises that most of the firearms were able to be identified through serial number restoration. Trace information is then requested. Most of the traces showed (b) (3) (P.L. 111-117) area. The trace information was forwarded to the Laredo ATF office who had initiated the traces. The traces were subsequently forwarded to Dallas ATF. Several traces were traced to (b) (3) (P.L. 111-117), (b) (7)(C)

February 15, 2011: ICE Special Agent Jaime Zapata and his partner are assaulted and SA Zapata is killed. San Luis Potosi, Mexico.

February 23, 2011: Mexican officials seize three firearms that are tied to the death of ICE SA Zapata. Ballistics testing indicates that this firearm was used in the deadly assault of the ICE agents. The firearm was traced back to (b) (3) (P.L. 111-117), (b) (7)(C)

February 28, 2011: ATF executes a Federal Search warrant at the (b) (7)(C) residence and (b) (7)(C). ATF agents seize items from the residence that are consistent with serial number obliteration. (b) (7)(C) was arrested at his place of employment and later gave consent to search his residence. Assorted items that may be tied to the investigation were seized.

March 4, 2011: (b) (7)(C) waives the probable cause hearing and detention hearing and remains in custody. (b) (7)(C) has a probable cause hearing and the court finds there is probable cause to arrest him. He and (b) (7)(C) remain in custody.

**TIMELINE FOR (b) (7)(C) INVESTIGATION
781015-11-0030**

August 14, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices (b) (7)(C) and multiple handgun purchases. Place (b) (7)(C) on watch list for future purchases. Additional purchases on (b) (3) (P.L. 111-117)

September 21, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices from the NTC Quick Look report that S/ (b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IOI (b) (7)(C) emails S/A (b) (7)(C) and cc's S/A (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) Las Cruces) with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C) known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved (b) (7)(C). This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

September 26, 2010 – My review of the weekly NTC report disclose (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) The trace was printed out and forwarded to Dallas Group III on the same date.

September 28, 2010: Dallas Intel Specialist IOI (b) (7)(C) emails S/A (b) (7)(C) Roswell, NM S/A (b) (7)(C) /A (b) (7)(C) Dallas III G/ (b) (7)(C) Houston F. D. Agent (b) (7)(C) that IO (b) (7)(C) ran across (b) (3) (P.L. 111-117), (b) (7)(C) (b) (3) (P.L. 111-117) and that he is tied in with the August 7th La Pryor, TX stop.

October 7, 2010, FFL- (b) (7)(D) telephones IOI (b) (7)(C) regarding suspicious purchasers at his shop and gun shows. (b) (7)(C) emails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) /o Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/A (b) (7)(C) emails same day that he is looking into (b) (7)(C) and (b) (7)(C) and has spoken to the FFL a few weeks ago.

October 20, 2010 (b) (7)(C) sends tracing email containing spreadsheets of (b) (3) (P.L. 111-117)

Some of the above individuals are listed but only for mid to late 2010. Nothing earlier. All names previously submitted to Dallas III.

October 21, 2010: Intel I (b) (7)(C) ends an FYI email to Dallas III S/A (b) (7)(C) regarding purchases b (b) (7)(C). Also indicates (b) (7)(C)s negative in TECS and N-Force.

November 08, 2010: S/ (b) (7)(C) reported to Dallas Group III after transferring from Lubbock, TX Field Office.

November 09, 2010 (b) (7)(C) identified during surveillance (subsequent to firearms transfer). S/A (b) (7)(C) and Dallas III Agents request Dallas Sheriff's Office stop vehicle and identify occupants, one of whom is (b) (7)(C)

November sometime during week of November 22nd to 26th, 2010: From October to November, Intel has monitored (b) (3) (P.L. 111-117), (b) (7)(C) stop. Weekly checks in N-Force have proven negative. S/ (b) (7)(C) is contacted via the telephone by Intel G/S (b) (7)(C) and asked if he is going to be interviewing (b) (7)(C) as a possible straw purchaser for his investigation which involved the La Pryor seizure. S/A (b) (7)(C) indicates he will not be interviewing (b) (7)(C) it is agreeable for Dallas to conduct the interview and it will not interfere with his investigation.

November 30, 2010: Intel IO (b) (7)(C) ends additional email to OKC and Dallas III on (b) (7)(C) (b) (7)(C) S/A (b) (7)(C) reports no Oklahoma information or (b) (7)(C)

November 30, 2010. An email was sent from Dallas Intel indicting that suspicious multiple purchases had been discovered (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117) This email was forwarded to S/ (b) (7)(C) as a possible lead for an investigation.

SA (b) (7)(C) asked to be assigned this referral at this time. SA (b) (7)(C) is advised by the Group Supervisor to check with all other agents in the office who were conducting trafficking cases for deconfliction purposes before conducting any investigative activity. SA (b) (7)(C) was advised that (b) (7)(C) was the same individual who had been identified during the surveillance operation conducted on November 09. S/ (b) (7)(C) was advised that (b) (7)(E)

(b) (7)(E) SA (b) (7)(C) was further advised tha (b) (7)(C) in the Dallas Field Division.

December 09, 2010, SA (b) (7)(C) initiated queries for (b) (7)(C) through NADDIS and other intelligence databases for deconfliction; no results were found. At this point, SA (b) (7)(C) began to gather intelligence on (b) (7)(C) such as work history, residence, telephone numbers, etc. SA (b) (7)(C) was advised that the Laredo investigation was still on-going.

January/2011 SA (b) (7)(C) began contacting local FFL's and gathering records of firearms purchased b (b) (7)(C) SA (b) (7)(C) learned tha (b) (7)(C) had purchased a number of

(b) (3) (P.L. 111-117) On January 28, SA (b) (7)(C) was notified by the ATF Laredo field Office that traces had started to come in for the 40 guns which had been seized November. SA (b) (7)(C) was eventually notified that (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117), (b) (7)(C) continued to contact FFL's in attempts to get an accurate number of firearms purchased by (b) (7)(C)

February 23, 2011. SA (b) (7)(C) conducted an interview a (b) (7)(C) residence. During this interview, (b) (7)(C) advised that he had purchased several firearms for random Hispanic males who had contacted him at gun shows. (b) (7)(C) to provide information concerning his association with (b) (7)(C)

February 24, 2011, Agents contacted the (b) (7)(C) during a knock and talk operation.

February 26, 2011, SA (b) (7)(C) was advised that the firearm which was involved with Agent Zapata's death had been traced back to (b) (7)(C) was told that agents were attempting to acquire a search warrant for the (b) (7)(C) residence. At this time, SA (b) (7)(C) began drafting a criminal complaint for (b) (7)(C)

February 27, 2011, SA (b) (7)(C) received an arrest warrant for (b) (7)(C) Warrants were also issued for (b) (7)(C) A search warrant was issued for the (b) (7)(C) residence.

February 28, 2011 (b) (7)(C) was arrested at his place of work pursuant to charges of 18 USC 922(a)(1), dealing in firearms without a license and 922(a)(6), making a false statement in connection with the acquisition of a firearm.

March 04, 2011 (b) (7)(C) waives detention and probable cause hearings.

March 07, 2011, (b) (7)(C) at US Attorney's Office in Dallas, TX

March 22, 2011, (b) (7)(C) indicted by Federal Grand Jury in Dallas, TX for 922(a)(6) (False Statements in Connection with the Acquisition of a Firearm) and 18 USC 371 (Conspiracy)

Combined Timeline for (b) (7)(C)

August 14, 2010: Dallas Intel Specialist IOI (b) (7)(C) notice (b) (7)(C) and multiple handgun purchases. Place (b) (7)(C) on watch list for future purchases. Additional purchases on (b) (3) (P.L. 111-117)

September 20, 2010: Intel IOI (b) (7)(C) reviews weekly NTC report which discloses (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117), (b) (7)(C) Traces are printed and forwarded to Dallas III for review.

September 20, 2010: Intel IOI (b) (7)(C) sends email to Roswell, NM, Agent (b) (7)(C) advising him of S/A (b) (7)(C) investigation on (b) (7)(C) and asks if they are looking at person named (b) (7)(C)

September 21, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices from the NTC Quick Look report that S/A (b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IOI (b) (7)(C) emails S/A (b) (7)(C) and cc's S/ (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) (Las Cruces) with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C); known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved ar (b) (7)(C) This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

September 26, 2010 – IOI (b) (7)(C) review of the weekly NTC report discloses Trace (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) The trace is printed out and forwarded to Dallas Group III on the same date.

September 28, 2010: Dallas Intel Specialist IOI (b) (7)(C) emails S/A (b) (7)(C) Roswell, NM S/A (b) (7)(C) S/A (b) (7)(C) Dallas III G/ (b) (7)(C) Houston F. D. Agents (b) (7)(C) that IOI (b) (7)(C) ran across (b) (3) (P.L. 111-117) (b) (7)(C) (b) (3) (P.L. 111-117), (b) (7)(C) and that he is tied in with the August 7th La Pryor, TX stop.

October 7, 2010: FFL- (b) (7)(D) telephones Intel IOI (b) (7)(C) regarding possible suspicious purchases at his shop and gun shows (b) (7)(C) emails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) two Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) (b) (7)(C) Previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/ (b) (7)(C) mails

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October 20, 2010: (b) (7)(C) sends tracing email containing spreadsheets of (b) (3) (P.L. 111-117)

Some of the above individuals are listed but only for mid to late 2010. Nothing earlier. All names previously submitted to Dallas III.

October 21, 2010: Intel IA (b) (7)(C) sends an FYI email to Dallas III S/A (b) (7)(C) regarding purchases by (b) (7)(C). Also indicate (b) (7)(C) is negative in TECS and N-Force.

November 5, 2010: Laredo ATF received information from Laredo DEA reference (b) (7)(E) (b) (7)(E) someone to transport approximately 50 firearms from Dallas to Laredo, Texas.

November 5, 2010: ATF and DEA from Laredo along with Dallas ATF arranged for (b) (7)(E) (b) (7)(E) de telephone contact with the suspected gun traffickers and arrange to meet the following day to pick up the guns.

November 08, 2010: S/ (b) (7)(C) reported to Dallas Group III after transferring from Lubbock, TX Field Office.

November 09, 2010: (b) (7)(C) identified during surveillance (subsequent to firearms transfer). S/A (b) (7)(C) and Dallas III Agents request Dallas Sheriff's Office stop vehicle and identify occupants, one of whom is (b) (7)(C). There are no firearms observed in the vehicle during this stop.

November 9, 2010: ATF and DEA arranged the undercover meet between the Dallas informant and the persons delivering the firearms at a local Wal-Mart parking lot near Dallas, Texas. During the U/C operation Dallas ATF was able to identify the individuals who dropped off the firearms as (b) (7)(C). The firearms were recovered by ATF Agents and driven down to Laredo that same day. ATF Laredo arranged for local law enforcement officers to seize the firearms as part of a staged traffic stop. In total 40 firearms were seized, 37 of which had obliterated serial numbers.

November 10, 2010: Three of the firearms that were recovered had serial numbers that could be identified and traces were initiated.

November 17, 2010: the remaining firearms were entered into N-Force and sent to the ATF lab in San Francisco, CA, for serial number restoration (37).

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SA (b) (7)(C) asked to be assigned this referral at this time. SA (b) (7)(C) was advised by the Group Supervisor to check with all other agents in the office who were conducting trafficking cases for deconfliction purposes before conducting any investigative activity. SA (b) (7)(C) was advised that (b) (7)(C) was the same individual who had been identified during the surveillance operation conducted on November 09. SA (b) (7)(C) was advised (b) (7)(E) SA (b) (7)(C) was further advised that (b) (7)(C) in the Dallas Field Division.

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January 28, 2011: The ATF Lab advises that most of the firearms were able to be identified through serial number restoration. Trace information is then requested. Most of the traces showed (b) (3) (P.L. 111-117) area. The trace information was forwarded to the Laredo ATF office who had initiated the traces. The traces were subsequently forwarded to Dallas ATF. Several traces were traced to

(b) (3) (P.L. 111-117), (b) (7)(C)

February 15, 2011: ICE Special Agent Jaime Zapata and his partner are assaulted and SA Zapata is killed. San Luis Potosi, Mexico.

February 23, 2011: Mexican officials seize three firearms that are tied to the death of ICE SA Zapata. Ballistics testing indicates that this firearm was used in the deadly assault of the ICE agents. The firearm was traced back to (b) (3) (P.L. 111-117), (b) (7)(C)

February 23, 2011. SA (b) (7)(C) conducted an interview at (b) (7)(C) residence. During this interview, (b) (7)(C) advised that he had purchased several firearms for random Hispanic males who had contacted him at gun shows (b) (7)(C) to provide information concerning his association with (b) (7)(C)

February 24, 2011, Agents contacted the (b) (7)(C) during a knock and talk operation.

February 26, 2011, SA (b) (7)(C) was advised that the firearm which was involved with Agent Zapata's death had been traced back to (b) (7)(C) was told that agents were attempting to acquire a search warrant for the (b) (7)(C) residence. At this time, SA (b) (7)(C) began drafting a criminal complaint for (b) (7)(C)

February 27, 2011. SA (b) (7)(C) received an arrest warrant for (b) (7)(C) Warrants were also issued for (b) (7)(C) A search warrant was issued for the (b) (7)(C) residence.

February 28, 2011 (b) (7)(C) was arrested at his place of work pursuant to charges of 18 USC 922(a)(1), dealing in firearms without a license and 922(a)(6), making a false statement in connection with the acquisition of a firearm, and later gave consent to search his residence. Assorted items that may be tied to the investigation are seized.

February 28, 2011: ATF executes a Federal Search warrant at the (b) (7)(C) residence and (b) (7)(C) ATF agents seize items from the residence that are consistent with serial number obliteration.

March 4, 2011 (b) (7)(C) waives the probable cause hearing and detention hearing and remains in custody. (b) (7)(C) has a probable cause hearing and the court finds there is probable cause to arrest him. He and (b) (7)(C) remain in custody.

March 07, 2011 (b) (7)(C) at US Attorney's Office in Dallas, TX

March 22, 2011 (b) (7)(C) indicted by Federal Grand Jury in Dallas, TX for 922(a)(6) (False Statements in Connection with the Acquisition of a Firearm) and 18 USC 371 (Conspiracy)

From: Martin, Steve K.

Sent: **Employee 3**, March 30, 2011 10:58:24 PM

6214

To: Melson, Kenneth E.; Hoover, William J.; **(b) (7)(C)**

Subject: Re:

Sir,

We have the PP, the date was March 5? (I will have exact date in the morning) and I will have the attorney's name in the morn.

Steve

Steve Martin-DAD-OSII/ATF

NOTICE: This e-mail message and any attached files are intended solely for the use of the addressee(s) named above in connection with official business. This communication may contain Sensitive But Unclassified information that may be statutorily or otherwise prohibited from being released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of the Bureau of Alcohol, Tobacco, Firearms & Explosives or the Department of Justice without express authorization is strictly prohibited.

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

From: Melson, Kenneth E.

To: Martin, Steve K.; Hoover, William J.; **(b) (7)(C)**

Sent: Wed Mar 30 22:44:24 2011

Subject:

Steve: do you have the date we briefed the DOJ attorney in FO space and do you have a copy of the PPT?

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From: Melson, Kenneth E.

Sent: ~~Employee 3~~ Monday, March 30, 2011 10:44:24 PM

6215

To: Martin, Steve K.; Hoover, William J.; (b) (7)(C)

Subject:

Steve: do you have the date we briefed the DOJ attorney in FO space and do you have a copy of the PPL?

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From: (b) (7)(C)
Sent: Wednesday, March 30, 2011 8:52 PM
To: (b) (7)(C)
Subject: FW: Timelines
Attachments: Timeline (b) (7)(C) .doc; TIMELINE FOR (b) (7)(C) INVESTIGATION.doc;
(b) (7)(C) ase timeline.docx

fyi

(b) (7)(C)

Chief, Firearms Operations Division
ATF HQ - Room 6.S.129
202.648 (b) (7)(C) Cell (b) (7)(C)

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From: Champion, Robert R.
Sent: Wednesday, March 30, 2011 6:20 PM
To: McMahon, William G.; (b) (7)(C)
Subject: FW: Timelines

Here is a timeline for Dallas investigation and how things transpired as it relates to our investigations. I hope this helps clear things up and please forward to whom you see fit.

Thanks,

Robert R. Champion
Special Agent in Charge
U.S. Department of Justice
Bureau of Alcohol, Tobacco, Firearms and Explosives
Dallas Field Division
(469) 227-4300

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From: (b) (7)(C)
Sent: Wednesday, March 30, 2011 5:14 PM
To: Champion, Robert R.
Cc: Smith, Charles E.; Walker, Carl W.
Subject: Timelines

Here is the timeline for (b) (7)(C). One is the combined timeline and the other two are just the combined timeline broken out between (b) (7)(C).

G/s (b) (7)(C)
Dallas Group I (Intel)
469-227 (b) (7)(C) Ofc
(b) (7)(C) ell

NOTICE: This e-mail message and any attached files are intended solely for the use of the addressee(s) named above in connection with official business. This communication may contain Sensitive But Unclassified information that may be statutorily or otherwise prohibited from being released without appropriate approval. Any review, use, or dissemination of this e-mail message and any attached file(s) in any form outside of the Bureau of Alcohol, Tobacco, Firearms & Explosives or the Department of Justice without express authorization is strictly prohibited.

Dallas Group III (b) (7)(C) Time Line

September 20, 2010: Intel IO (b) (7)(C) reviews weekly NTC report which discloses (b) (3)(P.L. 111-117) (b) (3) (P.L. 111-117) Traces are printed and forwarded to Dallas III for review.

September 20, 2010: Intel IO (b) (7)(C) sends email to Roswell, NM, Agent (b) (7)(C) advising him of S/A (b) (7)(C) investigation of (b) (7)(C) and asks if they are looking at person named (b) (7)(C)

September 21, 2010: Dallas Intel Specialist IO (b) (7)(C) notices from the NTC Quick Look report that S/(b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IO (b) (7)(C) emails S/A (b) (7)(C) and cc's S/A (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) Las Cruces) with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C) is known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved at (b) (7)(C) This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

October 7, 2010: FFL- (b) (7)(D) telephones Intel IO (b) (7)(C) regarding possible suspicious purchases at his shop and gun shows. (b) (7)(C) emails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) wo Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) (b) (7)(C) Previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/A (b) (7)(C) mails same day that he is looking into (b) (7)(C) and has spoken to the FFL a few weeks ago.

October 10, 2010: (b) (7)(C) purchased the Draco 7.62 pistol subsequently used in the murder of ICE Agent Jaime Zapata.

November 5, 2010: Laredo ATF received information from (b) (7)(E) (b) (7)(E) someone to transport approximately 50 firearms from Dallas to Laredo, Texas.

November 5, 2010: ATF and DEA from Laredo along with Dallas ATF arranged for (b) (7)(E) (b) (7)(E) made telephone contact with the suspected gun traffickers and arrange to meet the following day to pick up the guns.

November 9, 2010: ATF and DEA arranged the undercover meet between the Dallas informant and the persons delivering the firearms at a local Wal-Mart parking lot near Dallas, Texas. During the U/C operation Dallas ATF was able to identify the individuals who dropped off the firearms a (b) (7)(E). The firearms were recovered by ATF Agents and driven down to Laredo that same day. ATF Laredo arranged for local law enforcement officers to seize the firearms as part of a staged traffic stop. In total 40 firearms were seized, 37 of which had obliterated serial numbers.

November 10, 2010: Three of the firearms that were recovered had serial numbers that could be identified and traces were initiated.

November 17, 2010: the remaining firearms were entered into N-Force and sent to the ATF lab in San Francisco CA. for serial number restoration (37).

January 28, 2011: The ATF Lab advises that most of the firearms were able to be identified through serial number restoration. Trace information is then requested. Most of the traces showed (b) (3) (P.L. 111-117) area. The trace information was forwarded to the Laredo ATF office who had initiated the traces. The traces were subsequently forwarded to Dallas ATF. Several traces were traced to (b) (3) (P.L. 111-117), (b) (7)(C)

February 15, 2011: ICE Special Agent Jaime Zapata and his partner are assaulted and SA Zapata is killed. San Luis Potosi, Mexico.

February 23, 2011: Mexican officials seize three firearms that are tied to the death of ICE SA Zapata. Ballistics testing indicates that this firearm was used in the deadly assault of the ICE agents. The firearm was traced back to (b) (3) (P.L. 111-117), (b) (7)(C)

February 28, 2011: ATF executes a Federal Search warrant at the (b) (7)(C) residence and (b) (7)(C) ATF agents seize items from the residence that are consistent with serial number obliteration. (b) (7)(C) was arrested at his place of employment and later gave consent to search his residence. Assorted items that may be tied to the investigation were seized.

March 4, 2011 (b) (7)(C) waives the probable cause hearing and detention hearing and remains in custody. (b) (7)(C) has a probable cause hearing and the court finds there is probable cause to arrest him. He and (b) (7)(C) remain in custody.

TIMELINE FOR (b) (7)(C) INVESTIGATION
781015-11-0030

August 14, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices (b) (7)(C) and multiple handgun purchases. Place (b) (7)(C) on watch list for future purchases. Additional purchases on (b) (3) (P.L. 111-117)

September 21, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices from the NTC Quick Look report that S/(b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IOI (b) (7)(C) emails S/A (b) (7)(C) and cc's S/A (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) Las Cruces with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C) known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved (b) (7)(C). This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

September 26, 2010 – My review of the weekly NTC report disclose (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) The trace was printed out and forwarded to Dallas Group III on the same date.

September 28, 2010: Dallas Intel Specialist IOI (b) (7)(C) emails S/A (b) (7)(C) Roswell, NM S/A (b) (7)(C) /A (b) (7)(C) Dallas III G/S (b) (7)(C) Houston F. D. Agent (b) (7)(C) that IOI (b) (7)(C) ran across (b) (3) (P.L. 111-117), (b) (7)(C) (b) (3) (P.L. 111-117), (b) (7)(C) and that he is tied in with the August 7th La Pryor, TX stop.

October 7, 2010, FFL- (b) (7)(D) telephones IOI (b) (7)(C) regarding suspicious purchasers at his shop and gun shows. (b) (7)(C) emails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) to Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) Previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/A (b) (7)(C) emails same day that he is looking into (b) (7)(C) and (b) (7)(C) and has spoken to the FFL a few weeks ago.

October 20, 2010 (b) (7)(C) finds tracing email containing spreadsheets of (b) (3) (P.L. 111-117) Some of the above individuals are listed but only for mid to late 2010. Nothing earlier. All names previously submitted to Dallas III.

October 21, 2010: Intel L (b) (7)(C) sends an FYI email to Dallas III S/A (b) (7)(C) regarding purchases by (b) (7)(C). Also indicates (b) (7)(C) is negative in TECS and N-Force.

November 08, 2010: S/A (b) (7)(C) reported to Dallas Group III after transferring from Lubbock, TX Field Office.

November 09, 2010: (b) (7)(C) identified during surveillance (subsequent to firearms transfer). S/A (b) (7)(C) and Dallas III Agents request Dallas Sheriff's Office stop vehicle and identify occupants, one of whom is (b) (7)(C).

November sometime during week of November 22nd to 26th, 2010: From October to November, Intel has monitored (b) (3) (P.L. 111-117), (b) (7)(C) stop. Weekly checks in N-Force have proven negative. S/A (b) (7)(C) is contacted via the telephone by Intel G/S (b) (7)(C) and asked if he is going to be interviewing (b) (7)(C) as a possible straw purchaser for his investigation which involved the La Pryor seizure. S/A (b) (7)(C) indicates he will not be interviewing (b) (7)(C) it is agreeable for Dallas to conduct the interview and it will not interfere with his investigation.

November 30, 2010: Intel IO (b) (7)(C) sends additional email to OKC and Dallas III on (b) (7)(C) (b) (7)(C) S/A (b) (7)(C) reports no Oklahoma information on (b) (7)(C).

November 30, 2010. An email was sent from Dallas Intel indicting that suspicious multiple purchases had been discovered (b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117), (b) (7)(C)

(b) (3) (P.L. 111-117) This email was forwarded to S/A (b) (7)(C) as a possible lead for an investigation.

SA (b) (7)(C) asked to be assigned this referral at this time. SA (b) (7)(C) is advised by the Group Supervisor to check with all other agents in the office who were conducting trafficking cases for deconfliction purposes before conducting any investigative activity. SA (b) (7)(C) was advised that (b) (7)(C) was the same individual who had been identified during the surveillance operation conducted on November 09. S/A (b) (7)(C) was advised that (b) (7)(E) (b) (7)(E) SA (b) (7)(C) was further advised that (b) (7)(C) in the Dallas Field Division.

December 09, 2010, SA (b) (7)(C) initiated queries for (b) (7)(C) through NADDIS and other intelligence databases for deconfliction; no results were found. At this point, SA (b) (7)(C) began to gather intelligence on (b) (7)(C) such as work history, residence, telephone numbers, etc. SA (b) (7)(C) was advised that the Laredo investigation was still on-going.

January/2011 SA (b) (7)(C) began contacting local FFL's and gathering records of firearms purchased by (b) (7)(C). SA (b) (7)(C) learned that (b) (7)(C) had purchased a number of

(b) (3) (P.L. 111-117) On January 28, SA **(b) (7)(C)** was notified by the ATF Laredo field Office that traces had started to come in for the 40 guns which had been seized November. SA **(b) (7)(C)** was eventually notified that **(b) (3) (P.L. 111-117)** **(b) (3) (P.L. 111-117), (b) (7)(C)** continued to contact FFL's in attempts to get an accurate number of firearms purchased by **(b) (7)(C)**

February 23, 2011, SA **(b) (7)(C)** conducted an interview at **(b) (7)(C)** residence. During this interview, **(b) (7)(C)** advised that he had purchased several firearms for random Hispanic males who had contacted him at gun shows. **(b) (7)(C)** to provide information concerning his association with **(b) (7)(C)**

February 24, 2011, Agents contacted the **(b) (7)(C)** during a knock and talk operation.

February 26, 2011, SA **(b) (7)(C)** was advised that the firearm which was involved with Agent Zapata's death had been traced back to **(b) (7)(C)** was told that agents were attempting to acquire a search warrant for the **(b) (7)(C)** residence. At this time, SA **(b) (7)(C)** began drafting a criminal complaint for **(b) (7)(C)**

February 27, 2011, SA **(b) (7)(C)** received an arrest warrant for **(b) (7)(C)** Warrants were also issued for **(b) (7)(C)** A search warrant was issued for the **(b) (7)(C)** residence.

February 28, 2011, **(b) (7)(C)** was arrested at his place of work pursuant to charges of 18 USC 922(a)(1), dealing in firearms without a license and 922(a)(6), making a false statement in connection with the acquisition of a firearm.

March 04, 2011, **(b) (7)(C)** waives detention and probable cause hearings.

March 07, 2011, **(b) (7)(C)** at US Attorney's Office in Dallas, TX

March 22, 2011, **(b) (7)(C)** indicted by Federal Grand Jury in Dallas, TX for 922(a)(6) (False Statements in Connection with the Acquisition of a Firearm) and 18 USC 371 (Conspiracy)

Combined Timeline for (b) (7)(C)

August 14, 2010: Dallas Intel Specialist IOI (b) (7)(C) notice (b) (7)(C) and multiple handgun purchases. Place (b) (7)(C) on watch list for future purchases. Additional purchases on (b) (3) (P.L. 111-117)

September 20, 2010: Intel IOI (b) (7)(C) reviews weekly NTC report which discloses (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117), (b) (7)(C) Traces are printed and forwarded to Dallas III for review.

September 20, 2010: Intel IOI (b) (7)(C) sends email to Roswell, NM, Agent (b) (7)(C) advising him of S/A (b) (7)(C) investigation on (b) (7)(C) and asks if they are looking at person named (b) (7)(C)

September 21, 2010: Dallas Intel Specialist IOI (b) (7)(C) notices from the NTC Quick Look report that S/A (b) (7)(C) satellite office traced a gun that came back to (b) (3) (P.L. 111-117), (b) (7)(C) IOI (b) (7)(C) emails S/A (b) (7)(C) and cc's S/ (b) (7)(C) Intel G/S (b) (7)(C) and IA (b) (7)(C) Las Cruces) with Dallas case number and case agent. IOI (b) (7)(C) also indicates that an individual known as (b) (7)(C) may be tied in to some other subjects that may be involved in firearms trafficking. No actionable Intel regarding (b) (7)(C) known at this time only that his name was found on a tag inside a surplus military duffel bag that contained firearms in another person's possession. The recovery of this duffel bag and the firearms inside the bag was the direct result of an ongoing Oklahoma City Field Office firearms trafficking investigation that involved ar (b) (7)(C) This investigation involved suspects in Oklahoma and Texas with the final destination of the guns intended for Mexico.

September 26, 2010 – IOI (b) (7)(C) review of the weekly NTC report discloses Trace (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117) The trace is printed out and forwarded to Dallas Group III on the same date.

September 28, 2010: Dallas Intel Specialist IOI (b) (7)(C) emails S/A (b) (7)(C) Roswell, NM S/A (b) (7)(C) S/A (b) (7)(C) Dallas III G/A (b) (7)(C) Houston F. D. Agents (b) (7)(C) that IOI (b) (7)(C) ran across (b) (3) (P.L. 111-117). (b) (7)(C) (b) (3) (P.L. 111-117), (b) (7)(C) and that he is tied in with the August 7th La Pryor, TX stop.

October 7, 2010: FFL- (b) (7)(D) telephones Intel IOI (b) (7)(C) regarding possible suspicious purchases at his shop and gun shows (b) (7)(C) mails S/A (b) (7)(C) Dallas III G/S (b) (7)(C) two Intel S/A's and Intel G/S (b) (7)(C) regarding (b) (7)(C) (b) (7)(C) Previous purchases were listed. Intel will continue to monitor future purchases and forward any further Intel. S/A (b) (7)(C) responds the same day requesting copies of 4473's as well as supporting doc's. Also requests after hours cell phone number for responsible party working gun shows, and says these folks are part of the Dallas organization. S/A (b) (7)(C) mails

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October 10, 2010: (b) (7)(C) purchased the Draco 7.62 pistol subsequently used in the murder of ICE Agent Jaime Zapata.

October 20, 2010: (b) (7)(C) sends tracing email containing spreadsheets of (b) (3) (P.L. 111-117)

Some of the above individuals are listed but only for mid to late 2010. Nothing earlier. All names previously submitted to Dallas III.

October 21, 2010: Intel IA (b) (7)(C) sends an FYI email to Dallas III S/A (b) (7)(C) regarding purchases by (b) (7)(C). Also indicate (b) (7)(C) is negative in TECS and N-Force.

November 5, 2010: Laredo ATF received information from Laredo DEA reference (b) (7)(E) (b) (7)(E) someone to transport approximately 50 firearms from Dallas to Laredo, Texas.

November 5, 2010: ATF and DEA from Laredo along with Dallas ATF arranged for (b) (7)(E) (b) (7)(E) telephone contact with the suspected gun traffickers and arrange to meet the following day to pick up the guns.

November 08, 2010: S. (b) (7)(C) reported to Dallas Group III after transferring from Lubbock, TX Field Office.

November 09, 2010: (b) (7)(C) identified during surveillance (subsequent to firearms transfer). S/A (b) (7)(C) and Dallas III Agents request Dallas Sheriff's Office stop vehicle and identify occupants, one of whom is (b) (7)(C). There are no firearms observed in the vehicle during this stop.

November 9, 2010: ATF and DEA arranged the undercover meet between the Dallas informant and the persons delivering the firearms at a local Wal-Mart parking lot near Dallas, Texas. During the U/C operation Dallas ATF was able to identify the individuals who dropped off the firearms as (b) (7)(C). The firearms were recovered by ATF Agents and driven down to Laredo that same day. ATF Laredo arranged for local law enforcement officers to seize the firearms as part of a staged traffic stop. In total 40 firearms were seized, 37 of which had obliterated serial numbers.

November 10, 2010: Three of the firearms that were recovered had serial numbers that could be identified and traces were initiated.

November 17, 2010: the remaining firearms were entered into N-Force and sent to the ATF lab in San Francisco, CA, for serial number restoration (37).

November sometime during week of November 22nd to 26th, 2010: From October to November, Intel has monitored (b) (3) (P.L. 111-117), (b) (7)(C) stop. Weekly checks in N-Force have proven negative. S/A (b) (7)(C) contacted via the telephone by Intel G/ (b) (7)(C) and asked if he is going to be interviewing (b) (7)(C) a possible straw purchaser for his investigation which involved the La Pryor seizure. S/A (b) (7)(C) indicates he will not be interviewing (b) (7)(C) but is agreeable for Dallas to conduct the interview and it will not interfere with his investigation.

November 30, 2010: Intel IO (b) (7)(C) sends additional email to OKC and Dallas III on (b) (7)(C) (b) (7)(C) S/A (b) (7)(C) reports no Oklahoma information on Morrison.

November 30, 2010. An email was sent from Dallas Intel indicting that suspicious multiple purchases had been discovered (b) (3) (P.L. 111-117), (b) (7)(C) (b) (3) (P.L. 111-117), (b) (7)(C) (b) (3) (P.L. 111-117), (b) (7)(C) This email was forwarded to S/A (b) (7)(C) a possible lead for an investigation.

SA (b) (7)(C) asked to be assigned this referral at this time. SA (b) (7)(C) was advised by the Group Supervisor to check with all other agents in the office who were conducting trafficking cases for deconfliction purposes before conducting any investigative activity. SA (b) (7)(C) was advised that (b) (7)(C) was the same individual who had been identified during the surveillance operation conducted on November 09. SA (b) (7)(C) was advised (b) (7)(E) (b) (7)(E) SA (b) (7)(C) was further advised that (b) (7)(C) in the Dallas Field Division.

December 09, 2010, SA (b) (7)(C) initiated queries for (b) (7)(C) through NADDIS and other intelligence databases for deconfliction; no results were found. At this point, SA (b) (7)(C) began to gather intelligence on (b) (7)(C) such as work history, residence, telephone numbers, etc. SA (b) (7)(C) was advised that the Laredo investigation was still on-going.

January/2011 SA (b) (7)(C) began contacting local FFL's and gathering records of firearms purchased by (b) (7)(C). SA (b) (7)(C) learned that (b) (7)(C) had purchased a number of (b) (3) (P.L. 111-117) (b) (7)(C). On January 28, SA (b) (7)(C) was notified by the ATF Laredo field Office that traces had started to come in for the 40 guns which had been seized November. SA (b) (7)(C) was eventually notified that (b) (3) (P.L. 111-117) (b) (3) (P.L. 111-117), (b) (7)(C) SA (b) (7)(C) continued to contact FFL's in attempts to get an accurate number of firearms purchased by (b) (7)(C)

January 28, 2011: The ATF Lab advises that most of the firearms were able to be identified through serial number restoration. Trace information is then requested. Most of the traces showed (b) (3) (P.L. 111-117) area. The trace information was forwarded to the Laredo ATF office who had initiated the traces. The traces were subsequently forwarded to Dallas ATF. Several traces were traced to (b) (3) (P.L. 111-117), (b) (7)(C)

February 15, 2011: ICE Special Agent Jaime Zapata and his partner are assaulted and SA Zapata is killed. San Luis Potosi, Mexico.

February 23, 2011: Mexican officials seize three firearms that are tied to the death of ICE SA Zapata. Ballistics testing indicates that this firearm was used in the deadly assault of the ICE agents. The firearm was traced back to (b) (3) (P.L. 111-117), (b) (7)(C)

February 23, 2011. SA (b) (7)(C) conducted an interview at a (b) (7)(C) residence. During this interview, (b) (7)(C) advised that he had purchased several firearms for random Hispanic males who had contacted him at gun shows. (b) (7)(C) to provide information concerning his association with (b) (7)(C)

February 24, 2011, Agents contacted the (b) (7)(C) regarding a knock and talk operation.

February 26, 2011, SA (b) (7)(C) was advised that the firearm which was involved with Agent Zapata's death had been traced back to (b) (7)(C). (b) (7)(C) was told that agents were attempting to acquire a search warrant for the (b) (7)(C) residence. At this time, SA (b) (7)(C) began drafting a criminal complaint for (b) (7)(C)

February 27, 2011. SA (b) (7)(C) received an arrest warrant for (b) (7)(C). Warrants were also issued for (b) (7)(C). A search warrant was issued for the (b) (7)(C) residence.

February 28, 2011 (b) (7)(C) was arrested at his place of work pursuant to charges of 18 USC 922(a)(1), dealing in firearms without a license and 922(a)(6), making a false statement in connection with the acquisition of a firearm, and later gave consent to search his residence. Assorted items that may be tied to the investigation are seized.

February 28, 2011: ATF executes a Federal Search warrant at the (b) (7)(C) residence and (b) (7)(C). ATF agents seize items from the residence that are consistent with serial number obliteration.

March 4, 2011 (b) (7)(C) waives the probable cause hearing and detention hearing and remains in custody. (b) (7)(C) has a probable cause hearing and the court finds there is probable cause to arrest him. He and (b) (7)(C) remain in custody.

March 07, 2011 (b) (7)(C) at US Attorney's Office in Dallas, TX

March 22, 2011 (b) (7)(C) indicted by Federal Grand Jury in Dallas, TX for 922(a)(6) (False Statements in Connection with the Acquisition of a Firearm) and 18 USC 371 (Conspiracy)

From: (b) (7)(C)
Sent: Friday, March 25, 2011 5:51 PM
To: (b) (7)(C)
Subject: FW: Grassley 020911 draft responses
Attachments: Draft Responses Grassley 020911.docx

See last paragraph. This was based on the previous document that Needles had sent us on 2/9/11. That chronological spreadsheet of purchases was prepared by the IRS. I have asked Jim to determine when the IRS prepared it, and when it was last updated (is there a more recent version?) and how to interpret some of the line items without a numerical entry for # recovered. I want to make sure we understand that document from the person who created it... As you can see on it, the very last purchase it included (b) (3) (P.L. 111-117), (b) (7)(C). I'm assuming a few more purchases were made by some prior to indictments, and that additional guns have been recovered since then.

(b) (7)(C)
Chief, Firearms Operations Division
ATF HQ - Room 6.S.129
202.648 (b) (7)(C) Cell (b) (7)(C)

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From: (b) (7)(C)
Sent: Thursday, February 10, 2011 3:56 PM
To: Hoover, William J.
Subject: Fw: Grassley 020911 draft responses

(b) (7)(C)
Chief, Firearms Operations Division
202-648 (b) (7)(C) Cell (b) (7)(C)

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From: (b) (7)(C)

To: Chait, Mark R.; McMahon, William G.

Sent: Thu Feb 10 12:25:47 2011

Subject: Grassley 020911 draft responses

<<Draft Responses Grassley 020911.docx>>

(b) (7)(C)

Chief, Firearms Operations Division

ATF HQ - Room 6.S.129

202.648 (b) (7)(C) Cell (b) (7)(C)

From: (b) (7)(C)
Sent: Thursday, March 24, 2011 3:04 PM
To: (b) (7)(C)
Subject: FW: firearm seizure data

(b) (7)(C)

Would either of you be able to provide the firearm data/case examples described below? Please let me know if you need more information.

(b) (7)(C)

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From: (b) (7)(C)
Sent: Wednesday, March 23, 2011 4:27 PM
To: (b) (7)(C)
Cc: (b) (7)(C)
Subject: RE: firearm seizure data

I would say that it is either going to come from (b) (7)(C) and NForce or maybe from (b) (7)(C) at VCAB. I don't have any stats on weapons. Most likely it is something that (b) (7)(C) will have to pull from NForce?

(b) (7)(C) what is the SWB working group? I am the ATF SWB Coordinator.

(b) (7)(C)
ATF National Coordinator
Southwest Border/Project Gunrunner

(202) 648-(b) (7)(C)
(b) (7)(C) cell

From: (b) (7)(C)
Sent: Wednesday, March 23, 2011 4:19 PM
To: (b) (7)(C)
Subject: FW: firearm seizure data

This is for you...

(b) (7)(C)
Chief of Staff

Field Management Staff
Desk: 202-648-(b) (7)(C) Cellular: (b) (7)(C)

(b) (7)(C)

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From: (b) (7)(C)
Sent: Wednesday, March 23, 2011 4:17 PM
To: (b) (7)(C)
Cc: (b) (7)(C)
Subject: firearm seizure data

(b) (7)(C)

The Southwest Border Working Group is discussing possible firearm trafficking proposals. We have been asked to gather data of firearms interdicted going across the border (or intended to be trafficked across the border) and seized. The information/case examples should cover the last 12 to 18 months and include types and numbers of firearms seized. Would you or someone in your directorate have access to this information and be able to provide it to me? We have been asked to provide the information by Tuesday, March 29th. Please let me know if you need more information or want to discuss.

(b) (7)(C)

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DEBBIE WASSERMAN SCHATZ, Florida

March 9, 2011

REC'D
DEPT OF JUSTICE
EXECUTIVE SECRETARIAT
2011 MAR 10 AM 11:10

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
Washington, D.C. 20530

Dear Attorney General Holder,

We write to express our concerns about allegations that the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) Operation Gunrunner may have been complicit in the illegal transfer of firearms into Mexico. According to media reports, the Phoenix-based program known as "Fast and Furious" intentionally allowed straw buyers for criminal organizations to purchase thousands of guns so that ATF could track them across the border.

We find it ironic that the government allowed guns to be trafficked into Mexico as part of a program designed to stop guns from being trafficked into Mexico. We are also troubled that ATF engaged in activities that may have facilitated the transfer of guns to violent drug cartels while simultaneously attempting to restrict lawful firearms sales by border-area firearms dealers. In December, ATF sought to impose additional reporting requirements on semi-automatic rifles, a proposal that we strongly oppose.

The program resulted in a large flow of weapons across the border to Mexico. According to the Center for Public Integrity, ATF allowed nearly 2,000 guns—valued at over one million dollars—to cross the border to known criminal organizations.¹ As would be expected, many of the guns were used in violent crimes. Worse, two guns from the program were found at the murder scene of Customs and Border Protection Agent Brian Terry in December.

¹ John Solomon, David Heath, and Gordon Witkin, *ATF Let Hundreds of U.S. Weapons Fall into Hands of Suspected Mexican Gunrunners*, The Center for Public Integrity (March 3, 2011), available at <http://www.publicintegrity.org/articles/entry/2976/>.

ATF's strategy to allow weapons to flow into the hands of criminals carried serious and obvious risks. More disturbing, however, is that ATF appears to have accepted these risks without due regard for the consequences

ATF initiated Operation Gunrunner after the Department of Justice Inspector General (IG) criticized the ATF's gun tracing ability. In a 2010 report, the IG wrote:

Despite the increased activity related to Project Gunrunner, ATF is not using intelligence effectively to identify and target firearms trafficking organizations operating along the Southwest border and in Mexico. Moreover, ATF's expansion of its automated system (eTrace) to trace guns seized in Mexico has yielded very limited information of intelligence value.²

In addition, there seems to have been little effective coordination between ATF and the Department as a whole. While guns continued to cross the border, the Department was apparently slow to approve wiretaps and to bring prosecutions. Internal ATF documents show that ATF's supervisors became increasingly concerned about the pace of the investigations. It was only this January, 15 months after ATF initiated the program and a month after agent Terry's murder, that the Department finally issued its first indictment based on evidence from the program.

We commend your request that the Department's Inspector General investigate these allegations. In the meantime, we ask that the Department respond to the following questions:

1. How many weapons have been allowed to pass to Mexico under the program known as "Fast and Furious"? Is the program still active?
2. Who at ATF Headquarters approved the program?
3. Who in the U.S. Attorney's Office for the District of Arizona approved the program? On what authority did the Office approve the program?
4. Did ATF or the U.S. Attorney's Office in Phoenix coordinate the "Fast and Furious" program with the Department? Did the Department approve the strategy?
5. What changes or improvements has ATF made to its eTrace program and its ability to use intelligence to target gun trafficking organizations in general?
6. Does ATF view the "Fast and Furious" program as a success?

Thank you for your attention to this matter. We respectfully request that the Department respond to these questions by Friday, March 18, 2011.

Sincerely,

² Review of ATF's Project Gunrunner, U.S. Dept. of Justice Office of the Inspector General, p. vi (2010), available at <http://www.justice.gov/oig/reports/ATF/e1101.pdf>.

Lamar Smith

Cheney

Tom Marino

Frey Gordon

J. R. Gohmert

Elton Gallegly

ATMM

Jim Lamm

Paul G. Ryan

Tim Wirth

Frank Lautenberg

Bob Goodenow

Howard Coble

Steve King

cc: The Honorable John Conyers, Jr.

Myies, Tonia (JMD)

From: McKay, Shirley A (SMO)
Sent: Thursday, March 10, 2011 9:21 AM
To: DOJExecSec (JMD)
Cc: Tolson, Kimberly G (JMD); Wells, Barbara A (JMD)
Subject: FW: Letter to General Holder
Attachments: 3.9.11 HJC Gunrunner Letter.pdf

Importance: High

Pls log the attached ltr. Thanks.

From: Agrast, Mark D. (SMO)
Sent: Wednesday, March 09, 2011 7:13 PM
To: McKay, Shirley A (SMO); Kralovec, Jamie (JMD)
Cc: Weich, Ron (SMO); Burton, Faith (SMO); Gaston, Molly (SMO)
Subject: FW: Letter to General Holder

Shirley/Jamie,

Please log in and assign.

Mark

From: Lynch, Caroline [<mailto:Caroline.Lynch@mail.house.gov>]
Sent: Wednesday, March 09, 2011 5:30 PM
To: Agrast, Mark D. (SMO)
Cc: Hertling, Richard; Jezierski, Crystal
Subject: Letter to General Holder

Mark – attached please find a letter to General Holder. Thanks.

Caroline G. Lynch
Chief Majority Counsel
Subcommittee on Crime, Terrorism & Homeland Security
House Committee on Judiciary
B-370 Rayburn House Office Building
Washington, D.C. 20515
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(202) 225-3672 (fax)