

Reduce Violent Crime

Through this activity, ATF enforces the provisions of the Gun Control Act of 1968, the National Firearms Act, the Brady Law, the Violent Crime Control and Law Enforcement Act of 1994, the Organized Crime Control Act of 1970, the Anti-Arson Act of 1982, the Church Arson Prevention Act of 1996, and the Antiterrorism and Effective Death Penalty Act of 1996. Because many Federal laws contain provisions for mandatory extended sentences, ATF strives to increase State and local awareness of Federal prosecution available under these statutes.

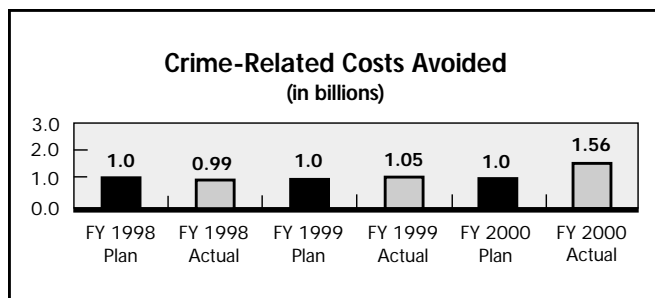
Strategic Goal: Effectively contribute to a safer America by reducing the future number and cost of violent crimes.

Programs: This strategic goal is accomplished through four programs:

- ☛ Deny Criminals Access to Firearms
- ☛ Safeguard the Public from Arson and Explosives Incidents
- ☛ Remove Violent Offenders from our Communities
- ☛ Prevent Violence through Community Outreach

Performance Measure: Crime-related costs avoided (in billions).

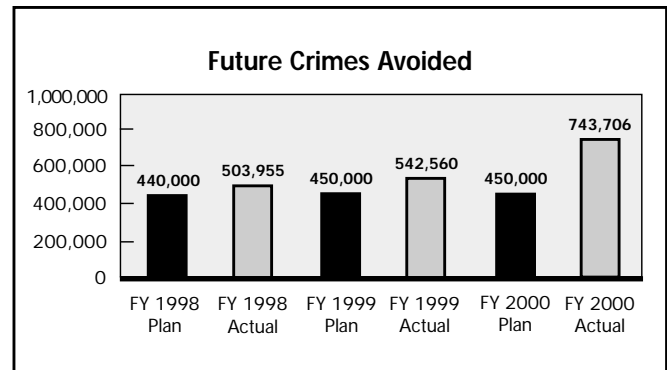
This measure tracks the estimated costs saved by incarcerating violent career criminals. Measures refer to firearms-related programs only.



The continued reduction could be contributed to an overall reduction in homicides, robberies, rapes, and aggravated assaults.

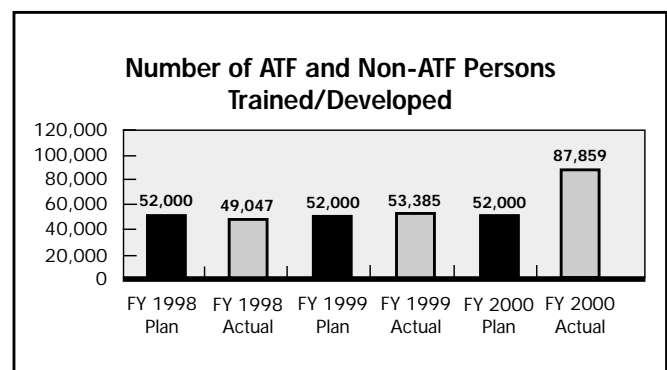
Performance Measure: Future crimes avoided.

This measure represents the number of crimes that are prevented when armed career criminals and firearms traffickers are incarcerated. The number of criminals sentenced is multiplied by the number of crimes that would have been committed by these criminals during the course of their incarceration. Measures refer to firearms-related programs only.



Performance Measure: Number of ATF and non-ATF persons trained/developed.

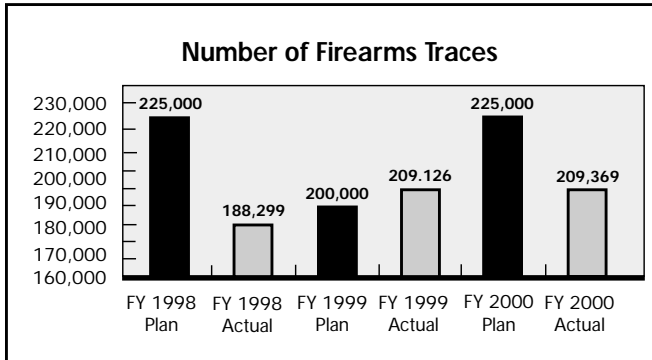
This measure tracks the number of ATF personnel trained, and the number of individuals who are trained by ATF personnel including Federal, State, local, international law enforcement personnel, and industry members who attend ATF seminars.



The FY 1999 and FY 2000 actual (53,385 and 87,859 respectively) represents the number of ATF and non-ATF persons trained/developed. The FY 1998 actual (49,047) only represents the number of non-ATF persons trained/developed.

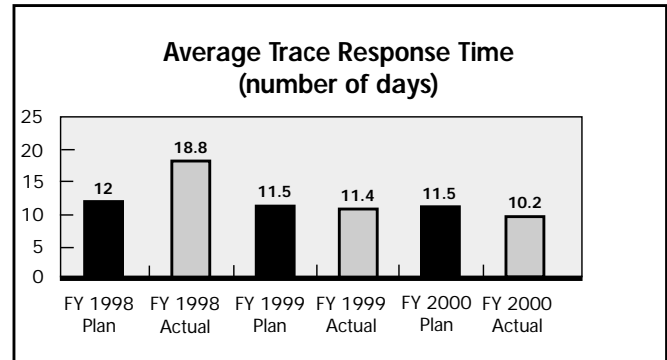
Performance Measure: Number of firearms traces.

This measure reflects the number of trace requests submitted during the fiscal year.



The FY 2000 goal, which was not met, was based on expected expansion of comprehensive tracing on a nation-wide basis similar to that of YCGII cities. However, it should be noted that several police departments are participating and ATF has provided technical equipment to 117 law enforcement agencies for tracing. Approximately 70 of the agencies are now performing comprehensive tracing.

Performance Measure: Average trace response time (# of days).



In FY 1998, the National Tracing Center underwent a complete change over in the systems platform for the Firearms Tracing System Database. This impacted the FY 1998 projection of a 12-day average per trace, resulting in an average of 18.8 days.

Program: Deny Criminals Access to Firearms

Illegal Firearms Trafficking

ATF reduces the criminal availability of firearms by identifying illegal sources of firearms and recommending prosecution of illegal firearms traffickers. Overall goals include investigating the most active illegal firearms traffickers, preventing future firearms crimes, and reducing crime-associated costs by incarcerating illegal firearms traffickers. This program has both domestic and international components.

Youth Crime Gun Interdiction Initiative (YCGII)

This component of ATF's nationwide Firearms Trafficking Program identifies and investigates the illegal sources of firearms to youths. As of FY 2000, ATF had implemented the program in 38 cities, with plans to expand coverage to 75 cities within the next few years. Two major goals of YCGII are to encourage comprehensive crime gun tracing by State and local law enforcement agencies and to provide crime gun market analyses to break the chain of illegal supply of firearms to youths.

International Firearms and Explosives Trafficking

ATF is responsible for investigating the illegal movement of firearms, explosives, and ammunition in international traffic and preventing such arms from being used throughout the world to commit acts of terrorism, to subvert restrictions posed by other nations on their residents, and to be used as commodities in organized crime and narcotics-related activities.

In conjunction with the U.S. Customs Service, ATF also participates in foreign country firearm trafficking assessments and training programs funded by the Department of State, Bureau of International Narcotics and Law Enforcement Affairs (INL).

Brady/NICS Investigations

ATF is responsible for enforcing the provisions of the Gun Control Act of 1968 (GCA), which includes the Brady Act amendments and provisions for the establishment of the National Instant Criminal Background Check System (NICS). All FFLs must directly contact NICS, which is administered by the FBI, or a State point of contact (POC), which conducts a similar background check prior to the transfer of a firearm to unlicensed individuals.

All referrals to ATF as a result of NICS rejections are reviewed for disposition. ATF has made the investigation of felons, domestic violence violators, and other prohibited individuals who attempt to illegally obtain firearms, a top priority.

In FY 2000, ATF completed an automated referral system to process and track referrals received from the FBI. To date, ATF has received, processed and reviewed more than 140,000 referrals. Of the 140,000 referrals, more than 40,000 were sent to field offices for investigation.

National Tracing Center

With restructuring effective October 1, 1999, ATF's National Tracing Center (NTC), Falling Waters, WV, became a division within ATF's Office of Firearms, Explosives and Arson. The new division comprises the former National Tracing Center Branch of the Firearms, Explosives and Arson Services Division, and the Crime Gun Analysis Branch.

The NTC is the only operation of its kind in the world. This facility conducts traces of firearms recovered at crime scenes and from youth for any Federal, State, local, or international law enforcement agency. The specific goal of the NTC is to increase the number of trace requests via increased electronic access to NTC information. In FY 2000, the NTC processed 209,369 crime gun traces. The NTC is the only repository for all FFL out-of-business records, where millions of records are currently stored.

ATF developed and initiated the Electronic Trace Submission System (ETSS). ETSS is currently deployed in 117 law enforcement agencies. Police departments in the YCGII cities can now electronically transmit crime gun trace requests to NTC.

The Crime Gun Analysis Branch provides ATF personnel and other law enforcement agencies with crime gun data specific to their geographical areas. The Branch uses crime gun data amassed by the NTC to identify illegal firearms trafficking patterns and trends throughout the world. The Branch conducts in-depth analysis using graphs and maps to provide visual effects. Online LEAD, a computerized investigative tool, is used by ATF personnel to identify illegal traffickers. The web-based Online LEAD software provides ATF field personnel and industry members with real-time statistical information concerning the segments of the firearms industry regulated by ATF.

In FY 2000, the Crime Gun Analysis Branch made approximately 2,127 referrals to ATF field divisions. A total of 115 proactive referrals were also made to ATF field divisions. Crime Gun Analysis Branch employees conducted more than 32,000 queries. A total of 1,302 queries were processed for either a FFL history query or an individual history query. The Crime Gun Analysis Branch processed over 50 Geographic Information System (GIS) mapping projects. In addition, GIS maps were completed for each city receiving YCGII funding.

Stolen Firearms

This project, designed to assist the Firearms Trafficking Program, seeks to reduce thefts of firearms from Federal firearm licensees and interstate carriers transporting firearms. This is accomplished through collecting and analyzing firearm licensee and interstate carrier theft information, and providing investigative leads to special agents and inspectors. In FY 2000, the Stolen Firearms Program staff received 2,562 reports of theft/loss of firearms from FFLs with 16,265 firearms reported lost/stolen. It also received 862 reports of firearms missing/stolen from interstate shipments with 1,747 firearms reported lost/stolen. Firearm theft recoveries reported in FY 2000 were 18,012.

All of these reports of thefts and recoveries were provided to ATF field offices for their consideration in opening a criminal investigation.

Program: Safeguard the Public From Arson and Explosive Incidents

An integral part of ATF's overall violent crime reduction strategy, ATF's arson and explosives projects are directed toward preventing the criminal misuse of explosives and the crime of arson, as well as providing effective post-incident response. ATF measures its success by the amount it saves the public through its proactive investigations of such crimes as arson-for-profit schemes.

Prevent Criminal Misuse of Explosives

Through this program, ATF provides resources to identify and pursue those who misuse explosive materials in bombings and arson fires. ATF has a cadre of explosive technologists with unique capabilities in explosives and bomb disposal. Their experience ranges from the ability to construct facsimiles of

explosive and incendiary devices to assisting the State Department and the Diplomatic Security Service in conducting antiterrorism capability assessments outside of the continental United States.

National Repository

Information about arson and explosives incidents is available for statistical research and analysis, investigative leads, and intelligence. The Arson and Explosives Incidents System (AEXIS) is an enhancement of the ATF Explosives Incidents System (EXIS) and incorporates information from Federal, State, and local fire, service/law enforcement personnel, bomb technicians, and explosives investigators. The principal Federal partners in the data collection effort are ATF, the FBI, and the United States Fire Administration (USFA).

The National Repository Branch trained 19 ATF field divisions on AEXIS. The Branch provided international training on AEXIS to law enforcement officials in the United Kingdom, Australia, Germany, and France.

Church Fires

In early 1996, Federal officials detected a sharp rise in the number of reported attacks at houses of worship, especially among African-American churches in the South. In June 1996, President Clinton formed the National Church Arson Task Force (NCATF) and made the investigation of these fires a top priority of Federal law enforcement. The task force combined the efforts of ATF, the FBI, Justice Department attorneys, Federal Emergency Management Administration, Department of Housing and Urban Development, and the Community Relations Service of the Department of Justice. ATF was designated as the lead Federal agency to investigate the origin and cause of fire and bombing incidents at houses of worship.

The task force has opened 813 arson/bombing investigations. A total of 353 defendants have been arrested nationwide, which solved 286 of the 813 investigations. ATF's Intelligence Division has reviewed 6,301 investigative leads and entered information on 1,395 crime scenes into its analytical database.

The task force continues to investigate arsons, bombings, and attempted bombings that are targeted at houses of worship and will continue to promote church arson awareness through outreach efforts across the country.

The Task Force attributes the reduction of church fires to a variety of factors, including increased vigilance, well-publicized arrests, and ongoing prevention efforts. On July 11, 2000 Jay Scott Ballinger pleaded guilty to setting 26 churches on fire in eight states between

1994 and 1999. Federal prosecutors are seeking a sentence of more than 42 years in prison. The Ballinger pleas represent the largest number of fires linked to a single defendant since the Task Force was created.

Canines

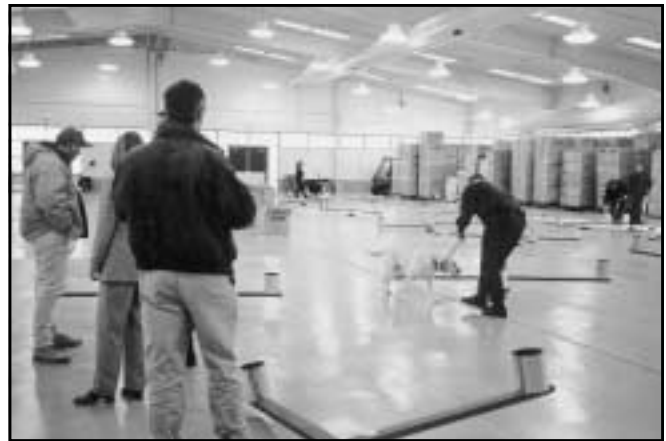
The Accelerant Detection Canine Program began as a product of a joint ATF/ Connecticut State Police endeavor to place accelerant detection canines with State and local agencies to support their arson investigation activities. ATF currently has 46 accelerant detecting canines working for State and local agencies. In 2000, ATF trained 15 additional accelerant detection canine teams at the Canine Training Center in Front Royal, Virginia.



Canine Training Facility in Front Royal, VA.

Under a training arrangement with the U.S. Department of State, ATF trains explosive detection canines for foreign countries to be used overseas in the war against terrorism and to protect American travelers abroad against terrorism. Since 1990, ATF has certified 225 canine teams for the program, deployed in 12 countries worldwide. In FY2000, ATF trained 20 additional canine teams and six canine trainers for the Department of State, Office of Antiterrorism Assistance. ATF continues to perform assessments of additional foreign countries for placement in this program.

In 1997, ATF began training explosives detection canine teams for State, local and other Federal agencies. Currently, there are 28 ATF-certified explosives detection canine teams working throughout the United States. Six of these teams are ATF special agent/canine teams. They are stationed in Atlanta, Dallas, Miami, Los Angeles, San Francisco, and Washington, DC.



Congressional staff members learn about ATF's explosives detection canines on a visit to the canine training facility.

Research Initiatives

In FY 1999, in conjunction with the U.S. Army Corps of Engineers, the National Security Council, and the Defense Nuclear Agency, ATF continued to participate in a project known as Dipole Might. The objective of the program is to create a computer database and investigative protocol to assist investigators when processing large car bomb scenes. In 1999, the tests included the evaluation of road sign damage from blasts, taggant survival/retrieval, and explosives residue testing.

Currently, ATF has two full-time fire protection engineers, making it the only Federal enforcement agency that employs this level of specialized, professional expertise. ATF's fire protection engineers are dedicated solely to the analyses of origins and dynamics of fire as they pertain to criminal investigations. Additional fire scientists and engineers are being recruited in order to support criminal investigations and the new Fire Research Laboratory at the National Laboratory Center.



Law enforcement officials observe the destruction to a car from a pipe bomb and C-4 plastic explosives.

Effective Post-Incident Response

ATF believes that a coordinated and rapid deployment of highly trained and well-equipped individuals and related support functions is critical to the investigation of any arson or explosives incident. This "team approach" is the basis for ATF's National Response Team (NRT), its International Response Team, division response teams, and arson task forces.



National response team in action; team member briefs ATF Director, Deputy Director, and Assistant Director (OST).

The NRT can respond within 24 hours to major bombing and fire scenes anywhere in the United States. In FY 2000, the team provided effective post-incident response in 32 activations. These incidents involved \$179.5 million in damages and were responsible for four fatalities and 17 injuries. Arrests were made in 42 percent of the criminal incidents investigated by

the NRT, a percentage considerably greater than that for like incidents investigated nationwide. ATF continues to conduct customer satisfaction surveys of those who used the NRT this year, using the tabulated data to determine the NRT's effectiveness.

ATF provides vital resources to local communities in the wake of arson and explosives incidents. ATF pioneered the development of multi-agency task forces designed to pool resources and expertise in areas experiencing significant arson problems. In FY 2000, ATF led formal arson task forces in 16 major metropolitan areas throughout the United States.

A Certified Fire Investigator (CFI) and Certified Explosives Specialist (CES) are critical to the success of a comprehensive post incident response. ATF's CFIs are the only investigators trained by a Federal law enforcement agency to qualify as expert witnesses in fire cause determinations. In FY 2000, there were 76 of these investigators stationed throughout the United States. Eight CFI candidates will be certified in FY 2001. This allows for the strategic placement of investigators throughout the country to assist Federal, State, and local agencies with fire origin and cause determinations and training. ATF's 250 CES personnel, who have developed an unmatched level of expertise in post-blast analysis through years of experience, are proficient in all aspects of explosive identification, handling, instruction, demonstration, and destruction.

Because many arson crimes involve insurance, bank, mail, and other types of fraud, these investigations often require complex forensic financial analyses. These complex financial investigations are provided through ATF's Office of Science and Technology, Audit Services Division. The office also provides comprehensive forensic science services; supporting the task forces with financial auditing services, information systems and equipment, and high-speed data communications. This includes Internet access to facilitate the research and exchange of national and international technical data and intelligence.

Final delivery of the InterFIRE virtual reality CD-ROM training package was accomplished in FY 2000.

Federal, State, and local investigators across the country received this resource, which combines the latest investigative techniques with state-of-the-art interactive computer training technology to create the most comprehensive fire investigation training tool to date. ATF received a Hammer Award from Vice President Gore's National Performance Review, recognizing the value of this to law enforcement for investigating the crime of arson.

Program: Remove Violent Offenders From Our Communities

This program involves projects and services to investigate, arrest, and recommend for prosecution, the most violent criminals who use firearms and explosives in their criminal activity.



Bomb technician students are taught proper and safe disposal through a controlled explosive shot.

Armed Violent Criminal Apprehension Program

This program uses specific provisions of the 1968 Gun Control Act, as amended, which mandate extended periods of incarceration for the most dangerous, armed career criminals and armed drug traffickers to remove

them from the streets. This is accomplished by identifying, investigating, and recommending the prosecution of individuals who use or carry firearms during and in relation to crimes of violence and drug trafficking offenses, and individuals who are actively involved in other armed violent crimes. Further, the firearms they possess yield valuable information regarding their previous criminal acts and criminal associates. Through the firearms tracing process, the illegal firearms sources for these violent criminals are investigated under ATF's Firearms Trafficking Program. These two complementary programs strive to incarcerate armed violent criminals for longer periods of time to prevent future crimes of violence and the costs of those crimes to the American public.

ATF also participates in numerous task forces nationwide with Federal, State, and local agencies; and supports intensive prosecution efforts, such as Project Exile. Exile, which began as a Federal initiative, has also been replicated at the State level, such as in Virginia.



EXILE sign near the nation's capital.

National Integrated Ballistics Information Network (NIBIN) Program

The purpose of this program is to provide support to law enforcement agencies experiencing serious firearms-related violent crime. The program goal is to provide focused investigative assistance to ATF's partners through the integration of ATF's various firearms enforcement and forensic technology resources. The NIBIN concept combines ATF's former CEASEFIRE and the FBI's DRUGFIRE Program initiatives into a federally sponsored initiative that creates a partnership among ATF, the FBI, and State and local law enforcement. Under the NIBIN Program, ATF is utilizing state-of-the-art equipment, known as the Integrated Ballistics Identification System (IBIS), that allows firearms technicians to digitize, correlate, and compare bullet and shell casing signatures automatically at a greatly accelerated rate. The equipment expeditiously provides investigators with leads to solve a greater number of crimes in a shorter period of time.

ATF, the FBI, and a representative from State and local law enforcement have formed a partnership to ensure that agencies have the opportunity to acquire automatic ballistics technology. In December 1999, ATF and the FBI signed a memorandum of understanding (MOU) agreeing to merge their ballistics imaging technology programs into one jointly managed program with a single unified computer system. The MOU

delineates overall responsibility for all current and future system sites, including the conversion of the FBI's existing DRUGFIRE hardware to IBIS equipment. The FBI will establish and maintain a high-speed, secure communication network.

ATF will deploy additional IBIS units in FY 2001 after the Department of Treasury approves a revised standard memorandum of understanding that ATF must execute among the partner agencies. This MOU outlines program responsibilities of each agency regarding the management of this program.



An ATF employee examining ballistic results using IBIS.

Program: Prevent Violence Through Community Outreach

This program focuses on community efforts designed to encourage and participate in the prevention of violence.

G.R.E.A.T. Program

The mission of the Gang Resistance Education and Training (G.R.E.A.T.) Program is to provide classroom instruction for school-aged children and a wide range of community-based activities that result in the necessary life skills, a sense of competency, usefulness, and personal empowerment needed to avoid involvement in youth violence and criminal activity. The Bureau provided funding to 209 different agencies to support their participation in the G.R.E.A.T. program in FY 2000. Over 1,608 agencies have over 4,440 officers certified to teach the program. During FY

2000, G.R.E.A.T. officers around the country have taught approximately 336,959 school-aged children.

As a result of a partnership established with Boys and Girls Clubs and the National Police Activities League (PAL) last year, G.R.E.A.T. officers taught the G.R.E.A.T. program in over 50 cities nationwide in non-school environments. Students continue to have positive role models and adult leadership to reinforce the lessons taught in G.R.E.A.T. at school and throughout the summer months.

: In FY 2000, G.R.E.A.T.'s five regional training partners:
: in LaCrosse, Wisconsin; Phoenix, Arizona; Orange
: County, Florida; Portland, Oregon; and Philadelphia,
: Pennsylvania; conducted 30 weeks of G.R.E.A.T.
: Officer Training programs, including two remote
: locations in Arizona and Florida.



G.R.E.A.T. program participants in Atlanta.

Collect Revenue

ATF plays a critical role in the Federal Government's tax collection process. Through this activity, in FY 2000, the Bureau collected over 14.1 billion dollars in excise taxes levied on alcohol [wine, distilled spirits, and malt beverages] and tobacco products, firearms, and ammunition.

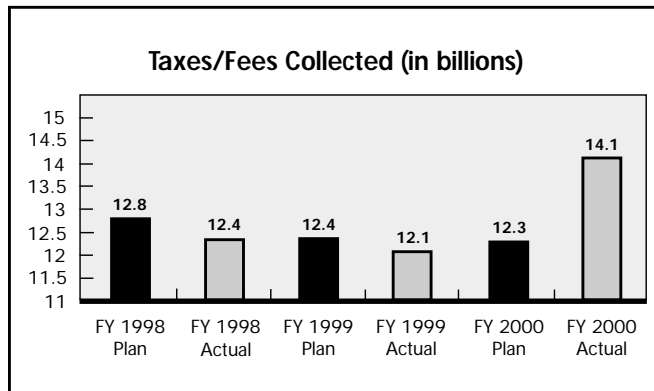
Strategic Goal: Maintain a sound revenue management and regulatory system that continues reducing taxpayer burden, improves service, collects the revenue due, and prevents illegal diversion.

Programs: This strategic goal is accomplished through three programs:

- ☛ Fully Implement the National Revenue Center
- ☛ Collect All Revenue that is Rightfully Due
- ☛ Use Electronic Commerce

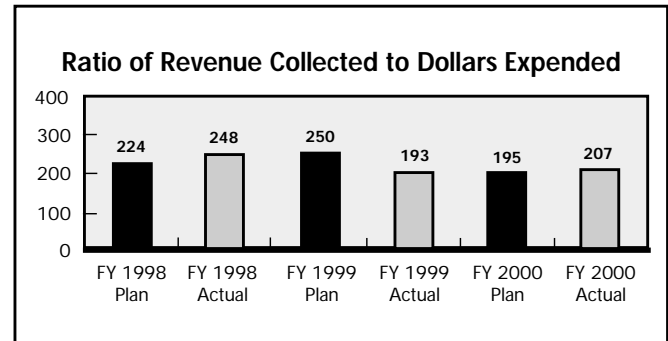
Performance Measure: Taxes/fees collected from alcohol, tobacco, firearms and explosives industries (in billions).

This measure includes revenue collected through alcohol, tobacco, firearms, and ammunition excise taxes, firearms and explosives license/permit fees, and special occupational taxes.



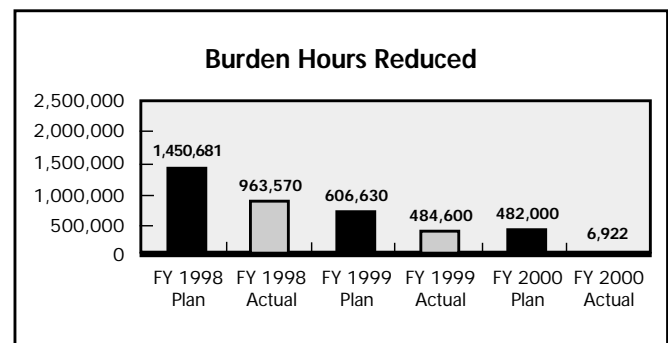
Performance Measure: Ratio of taxes and fees collected vs. resources expended.

This measure represents the amount of taxes and fees collected, divided by the amount of resources to collect such taxes and fees.



Performance Measure: Burden hours reduced.

This measure reflects the reduction in hours required by ATF customers, e.g. FFLs, excise tax payees, etc., to complete standard ATF forms and comply with ATF regulations, including the preparation of forms.



An example of an unforeseen change impacting the goal occurred when Section 9302(j) of the Balanced Budget Act of 1997, called for a floor stocks tax on all cigarettes held for sale January 1, 2000. The requirement to make a record of physical inventories or a record inventory with appropriate source documentation, resulted in an increase in burden hours of 1.5 million.

Program: Fully Implement the National Revenue Center (NRC)

Effective management of taxpayer accounts and proper receipt of tax returns and payments ensure that ATF accurately collects and reports all revenue receivables. The business processes performed by the employees and contractor personnel assigned to the National Revenue Center (NRC) in Cincinnati, Ohio, are essential to ATF's effective management of excise taxpayers' accounts and collection of receivables.

The principal activities of the National Revenue Center are:

- ❖ the audit of tax returns, claims, and reports;
- ❖ collection actions;
- ❖ review and approval of applications for permits;
- ❖ registration of plants and surety bonds; and
- ❖ custody of official case files.

During FY 2000, the NRC continued to consolidate business processes by reducing the number of Technical Services offices from two to one. The Philadelphia Technical Services office closed on June 30, 2000, with the San Francisco Technical Services office scheduled to close on December 31, 2000. During FY 2000, the NRC began processing all tax matters nationwide and is processing all permits matters except for California wholesalers and importers. NRC will assume permit matters responsibilities for these groups when the San Francisco Technical Services closes.

The NRC has made strides in the area of internally generated reports which allow monitoring the timeliness of taxpayers' filing of tax returns. The NRC is heavily involved in and very dependent on the electronic commerce initiatives which are discussed in more detail in a later section of this report. The FY 2001 initiatives most critical to the NRC include a pilot project to allow for electronic filing of tax returns through Treasury's Pay.Gov website; a project that allows industry members to electronically complete and submit qualifying documents and periodic reports.

Conveyance area between distilled spirits bottling line and finished goods warehouse.

Program: Collect All Revenue that is Rightfully Due

ATF collected \$14.1 billion, before refunds, in taxes, interest, penalties, and fees in FY 2000. Ninety-six (96) percent of this revenue was derived from payments of alcohol [wine, distilled spirits, and malt beverages] and tobacco excise taxes. ATF's revenue management program includes a variety of processes and functions based on reviewing, auditing, and recording of tax returns, deposits, and operating reports. The program includes the accounting for all deposits and payments for taxes and fees from the alcohol, tobacco, firearms, ammunition, and explosives industries.

In FY 2000, ATF implemented new field inspection programs designed to target those operations that pose the greatest jeopardy to the revenue. During FY 2000, ATF conducted 1,347 inspections at revenue producing plants resulting in 1,371 violations detected, 1,534 tax adjustments, and \$4 million in additional tax revenue. ATF focuses its on-site inspections of alcohol, tobacco, firearms, and ammunition taxpayers to those facilities which pose the greatest risk to revenue. The factors considered include, among other things, volume of operations, compliance history, internal controls, and financial condition. A more detailed description of the various types and sources of revenues follows in the Financial Statements, Note 14, Non-exchange Revenue. The National Revenue Center and Technical Services continued to monitor tax collections by auditing tax returns; levying assessments; initiating enforced collection action; analyzing required reports; requesting field verifications; and accounting for tax payments and related refunds. During FY 2000, ATF processed 663 assessments and 9 offers-in-compromise resulting in \$1.67 million, and the suspension of 8 permits for a total of 547 days. Seventy-four (74) permits were revoked and two permit applications were denied.





Distilled spirits bottling line.

when, in fact, they are being diverted into the United States domestic market for sale (where there is tax liability). ATF's goal to ensure compliance with U.S. laws will greatly reduce the illegal diversion of alcohol and tobacco products. During FY 2000, ATF clarified requirements for the industry regarding the exportation of alcohol and tobacco products to prevent potential diversion of such products. These requirements were also posted on ATF's web page for easy access.

In addition to criminal penalties, ATF pursues tax assessments against domestic producers and individuals when ATF determines that the documentation supporting tax-free exportation of these products is counterfeit, inaccurate, or non-existent. During



Various cases of cigarettes seized as a result of diversion investigations.

FY 2000, a United States distiller was found smuggling distilled spirits disguised as windshield washer fluid and other solvents in the Ukrainian Republic and the Russian Federation. This distiller made restitution of \$1 million to the Ukrainian Republic, had its U.S. operating permit suspended for seven days, and submitted a \$1 million offer-in-compromise for the recordkeeping violations.

Diversion and Smuggling

ATF is engaged in an ongoing effort to reduce a rising trend in the illegal diversion of cigarettes and distilled spirits products. Diversion activity generally occurs when legally manufactured or produced alcohol and tobacco products deviate from their normal legal distribution method to an illegal unregulated scheme. In the illegal schemes, the products are being diverted and sold in violation of Federal laws and regulations. Diversion activities also defraud the United States of tax revenue. For example, cigarettes and distilled spirits products are often fraudulently claimed for export markets (for which there is no tax liability)



Seizure of 468 sixty-six gallon drums of grain neutral spirits headed for Luzern, Switzerland, with the required ATF paperwork altered.

In addition to alcohol and tobacco export fraud, ATF also enforces several statutes that deal with the illegal interstate trafficking of alcohol and tobacco products. Illegal commerce occurs with the trafficking of alcohol and tobacco products from a state with a low excise tax rate to a state with a high excise tax rate. The profits can be significant and the states are often not prepared to deal with these multi-state criminal conspiracies. ATF agents, inspectors, and auditors work closely with their state counterparts during these types of investigations.

In FY 2000 the seizures of cash, vehicles, beverage alcohol, and tobacco products during diversion investigations by ATF agents, inspectors, and auditors resulted in over \$2 million being credited to the Treasury Asset Forfeiture Fund. In FY 2000, 125 diversion cases resulted in 70 defendants recommended for prosecution.



Money seized during tobacco diversion investigation.

During FY 2000, ATF conducted seven seminars with foreign governments and other U.S. Federal and State agencies on diversion of alcohol and tobacco products. ATF also assisted the Republic of Georgia and the Russian Federation by providing excise tax and diversion training.

As a result of the enactment of the Balanced Budget Act of 1997, ATF implemented regulations relating to the tobacco excise tax increase and restrictions on the importation of previously exported tobacco products and cigarette papers and tubes. Under the new regulations, only tobacco products manufacturers or export warehouses may receive such products. These products can only be destroyed or re-exported, or in the case of a manufacturer, re-packaged and removed for sale in the domestic market. The regulations prevent such products with export markings from entering the domestic market. During FY 2000, ATF conducted an investigation that disclosed an importation of cigarettes under these provisions resulting in

over \$250,000 in taxes which equates to five times the value of tobacco products imported.

Program: Use Electronic Commerce

During FY 2000, ATF entered a partnership with the Financial Management Service (FMS) to develop methods for electronically filing ATF tax payments and returns, reports, and other forms. Many ATF forms are already available for downloading from the ATF website.

During FY 2001, ATF will pilot the electronic filing of tobacco tax returns and is working toward a project, to begin in the first quarter of FY 2001, that will allow seven tobacco industry members to file tax returns through Treasury's Pay.Gov website. If successful, ATF will expand the project to include other tobacco industry members and then to other regulated industries. This will reduce industry burden. The ultimate goal is to allow permittees and taxpayers to file all documents with the NRC online. Another initiative of the Pay.Gov website is to allow taxpayers to pay by credit card. While that is not part of the pilot project, it is anticipated that this option will be available by the end of FY 2001.

Customers interested in the requirements to qualify as a manufacturer of alcohol and tobacco use the ATF website as an early point of contact in seeking information. ATF has responded by answering questions, sending out application packets, and steering customers toward the proper state and local authorities.

Protect the Public

Through this activity, ATF complements reducing violent crime and collecting revenue with training and prevention strategies through law enforcement, industry regulation, industry partnerships, and reducing public safety risk and consumer deception on regulated commodities.

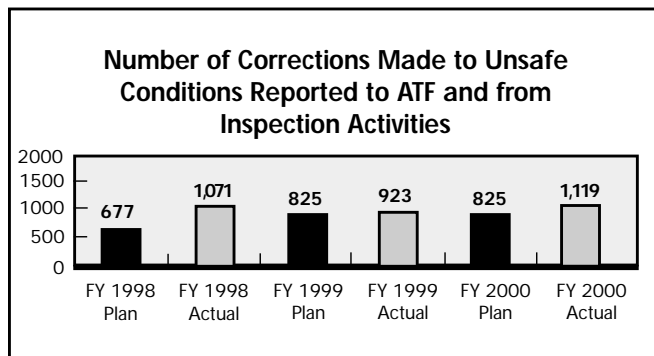
Strategic Goal: Protect the public and prevent consumer deception in ATF's regulated commodities.

Programs: This strategic goal is accomplished through three programs:

- ☛ Assure the Integrity of the Products, People, and Companies in the Marketplace
- ☛ Ensure Compliance with the Laws and Regulations through Education, Inspection, and Investigation
- ☛ Inform the Public

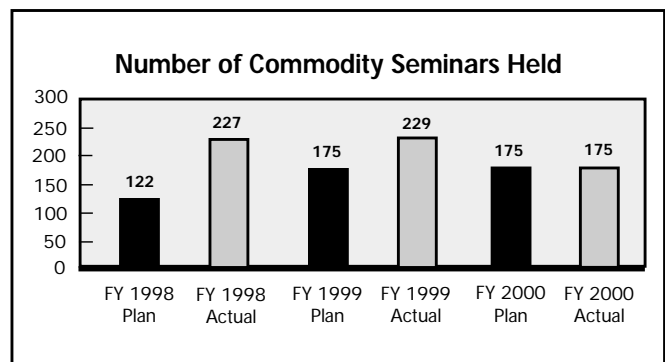
Performance Measure: Response to unsafe conditions and product deficiencies discovered (explosives).

This measure tracks the number of corrections made to unsafe conditions reported to ATF and from inspection activities.

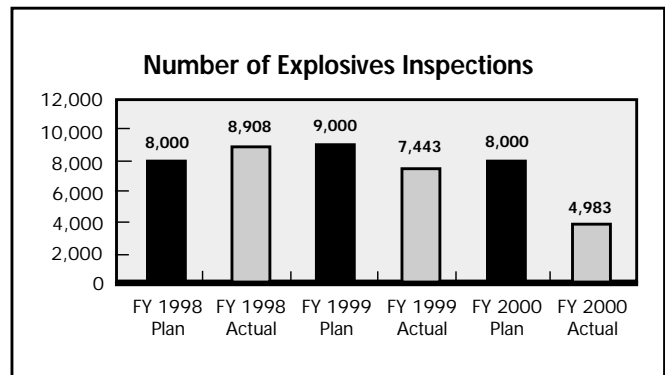


Performance Measure: The number of commodity seminars held.

Commodity seminars are held to provide information to industry members, law enforcement, and the public about the laws and regulations that ATF is responsible for enforcing. These seminars are periodically given to new industry members and others to educate and inform them about recent changes in these laws and regulations.



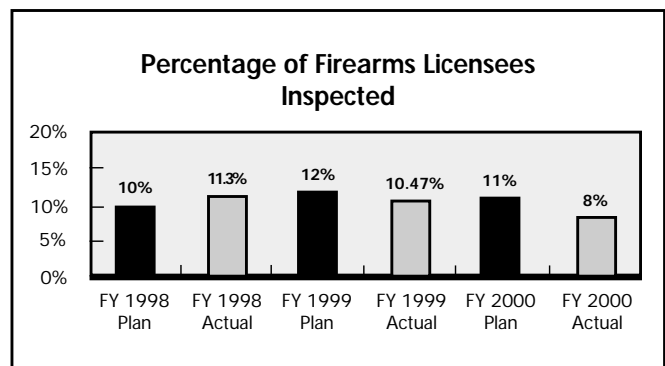
Workload Measure: Number of inspections (explosives).



In September, 1999, the FEA Directorate revised downward to 5,250 its previous estimate of the number of explosives inspections to be completed in FY 2000. The adjusted goal was established after a notable loss of experienced inspectors and the subsequent requirement to hire and train new inspectors. The available resources were concentrated on those licensees or permittees with previous public safety violations or history of non-compliance.

The explosives inspections completed in FY 2000, fell only 267 inspections short of the adjusted goal. This shortfall can be explained by the fact that during June and July of 2000, virtually all inspection resources were redirected to a major firearms inspection program initiative.

Workload Measure: Percent of population inspected (firearms).



Program: Assure the Integrity of the Products, People, and Companies in the Marketplace

This program ensures that commodities meet safety and product identity standards, and keeps ineligible or prohibited persons from entering the regulated industries.

Assuring Alcohol Product Integrity

ATF conducts a full range of regulatory functions in the beverage alcohol industry. The Federal Alcohol Administration Act, passed shortly after the repeal of Prohibition, coupled with certain Internal Revenue Code provisions and the Alcohol Beverage Labeling Act, authorize ATF to regulate the alcohol industry and provide protection to consumers of alcohol beverages.



ATF chemist examines alcohol beverages submitted by ATF inspectors for analysis.

Each year, through the alcohol sampling program, ATF collects alcohol products from the marketplace for analysis by ATF's laboratories. During FY 2000, ATF enhanced the alcohol sampling program by identifying new criteria, selecting seven cities and focusing sampling to imported and cultural products. During FY 2000, over 200 products out of 719 tested were found not to be in compliance due to labeling violations, over and under proof and fill violations, improper tax class classifications, and potability violations of non-beverage products where the methanol limitation was exceeded.



ATF chemist analyzes a wine sample for possible adulteration.

ATF also investigates consumer/other agency complaints regarding contaminated or adulterated beverage alcohol products. In FY 2000, ATF responded to 57 consumer complaints regarding alcohol products. Laboratory testing of the products disclosed no evidence of tampering or adulteration of the products. All cases resulted from natural occurring spoilage, crystallization due to age of product, or allergic reactions to sulfites.

ATF labs work closely with counterparts at the United States Food and Drug Administration, state laboratories, and regulatory agencies in many foreign countries. The laboratories exchange information on existing and new analytical methods and on product contamination or adulteration issues discovered by governmental laboratories, both domestic and foreign. This level of cooperation enhances ATF's proactive stance to ensure that contaminated or adulterated products do not reach the United States marketplace.

Beverage Alcohol Labeling and Advertising

ATF is charged with protecting the consumer by preventing false or misleading claims on beverage labels and in advertising. ATF enforces the Government Health Warning Statement requirements, prohibits unbalanced and unsubstantiated health claims or misleading and deceptive claims, monitors industry advertising, and conducts investigations of suspected label fraud.

During FY 2000, ATF conducted two public hearings regarding health claims on alcohol beverage labels and in advertising. The hearings were held in Washington, DC and San Francisco, California, where ATF received feedback from industry and other interested parties. ATF will continue to analyze the public hearing transcripts and over 530 comments received from the notice of proposed rulemaking on this issue during FY 2001.



ATF chemist analyzes imported products to assure conformance to U.S. regulations.

With limited exceptions, ATF issues Certificates of Label Approval for all domestic and imported beverage alcohol products offered for sale in the United States. ATF processed approximately 69,000 new and amended label applications during FY 2000.

ATF remains committed to improving customer service for label and formula approvals. In FY 2000, ATF implemented the methods identified by the Beverage Alcohol Streamlining Team (BAST) with the goal of improving ATF business processes, thereby improving customer service. ATF created the Alcohol Labeling and Formulation Division in an effort to recognize the importance of the label and formula approval processes as one of four national ATF "customer service

centers" (with the National Revenue Center, the National Tracing Center, and the National Licensing Center) and to further meet the concerns of the regulated industry.

During FY 2000, ATF examined 65 alcohol advertisements that resulted in two investigations, ten corrections, and three withdrawals from the market. In addition, ATF settled nine trade practice, advertising, and labeling investigations. These investigations resulted in \$1.1 million accepted in compromise of the violations, and one five-day suspension of operations.

Deny Prohibited or Ineligible Persons Entry into the Regulated Industries

During FY 2000, ATF implemented the permit requirements for importers of tobacco products and manufacturers of roll-your-own tobacco, in accordance with the provisions of the Balanced Budget Act of 1997. ATF received 385 applications for tobacco importer permits during FY 2000. Alcohol and tobacco producers, wholesalers and importers of alcohol beverages, importers of tobacco products, tobacco export warehouses, and users of industrial alcohol must meet certain mandatory requirements and apply for and obtain a Federal permit. ATF examines and verifies applications, bonds, and other documents; conducts investigations of high risk applicants; and determines eligibility for permits. Regulatory requirements are explained throughout the application process.

The Gun Control Act of 1968 mandates that every manufacturer, importer, or dealer in firearms, obtain a Federal firearms license (FLL). ATF conducts inspections of applicants for Federal firearm licenses. During these inspections, ATF inspectors explain the Federal firearm laws and regulations, and determine if the applicants are bona fide candidates for licenses.

Where inspection reveals conflicts with state laws and local ordinances, inspectors make referrals to the appropriate regulatory agency such as a zoning, occupancy, fire code, or law enforcement agency.

ATF recognizes the value of averting accidents and keeping explosives from the hands of those who are prohibited from possessing them. ATF enforcement provides a system of industry regulation, emphasizing a proactive approach to the problem. Similar to the firearms industry, all manufacturers, importers, and dealers must obtain a Federal license from ATF to conduct business, and certain users of explosives are required to obtain a Federal permit.

Program: Ensure Compliance with Laws and Regulations Through Education, Inspection, and Investigation

Once a person or entity is licensed or obtains a permit to conduct a regulated business, ATF monitors and enforces compliance with applicable laws and regulations. Inspections of firearms licensees focus on ensuring that firearms are properly accounted for. Licensees are selected for focused inspections when data from the NTC and other information indicate that illicit trafficking may be taking place. In the explosives industry, ATF emphasizes the safe and secure storage of explosives as well as accountability. ATF inspectors check on compliance with product and trade practice provisions. Education initiatives such as industry seminars are utilized in all industries.

Federal Firearms Licenses and Inspections

ATF is responsible for enforcing the licensing provisions of Federal firearms and explosives laws and regulations. These laws mandate that every manufacturer, importer, or dealer in firearms or explosives obtain a FFL or explosives license, and that certain users of explosives obtain a Federal permit. The National Licensing Center (NLC) is responsible for issuing these licenses and/or permits.

Through its programs, ATF ensures that explosives are safely and securely stored - which is vital to public safety, curbing the illegal use of firearms and explosives, and enforcing Federal firearms and explosives laws. These public safety issues warrant the work of the NLC to issue firearms and explosives licenses/permits only to those individuals who are qualified to possess them. ATF will soon announce the launching of "FFL e-Z Check" - an online FFL authenticator service - that will aid the firearms industry in preventing the fraudulent use of their licenses by individuals altering a copy of the license to illegally acquire and supply firearms to criminals and youth. A firearms licensee will be able to verify or authenticate another firearms license prior to shipping or disposing of firearms to the licensee.

Once a licensee is engaged in business, inspectors ensure the licensee's compliance with Federal laws and specific recordkeeping regulations. ATF enforces

the licensing provisions of the Gun Control Act of 1968 by conducting routine on-premises inspections, including focused inspections on problem areas throughout the United States.

During FY 2000, ATF conducted approximately 1,000 comprehensive compliance inspections of FFLs based on issues identified in ATF's February 2000 report entitled Commerce in Firearms in the United States. ATF inspected licensees who were either uncooperative with firearms traces or who had 10 or more firearms traced to them in 1999. As a result of these inspections, inspectors resolved more than 1,336 unsuccessful firearms traces and 24,101 inventory discrepancies, and identified nearly 500 licensees for adverse action as the result of regulatory violations.

ATF implemented procedures for routinely providing the Chief Law Enforcement Officer in each jurisdiction information on the status of FFLs in that area. Working in partnership with State and local law enforcement officials, ATF can effectively address licensing and illegal firearms trafficking problems.

Alcohol Industry Inspections

In addition to the beverage sampling program, ATF inspects alcohol plants (distilleries, wineries, and breweries) to assure that product manufacturing complies with approved formula processes and that products fulfill labeling and advertising claims. ATF collects samples of manufactured products which are sent to ATF Labs for analysis to assure product compliance. ATF investigates anti-competitive business practices between alcohol beverage suppliers and retailers to preserve the retailers' economic independence and protect the consumer.

Explosives Licenses/Permits and Inspections

ATF maintains a regular program of on-site inspections to ensure that explosives are stored in approved facilities, that are secure from theft and located at prescribed distances from inhabited buildings, railways, and roads. Immediate action is taken to resolve unsafe storage conditions. These inspections ensure that the licensees and permittees keep accurate records of the receipt and disposition of explosive materials that are verified through actual inventories of explosives in storage. Unusual discrepancies in records are referred immediately to the appropriate office for further investigation. Inspectors also conduct "forward trace" inquiries or field inspections on persons who purchase explosives from a licensee without the benefit of a user's permit for "same day use with no overnight storage."

ATF initiated a program that requires each field area office to notify the local fire department of licensees/ permittees storing explosive materials, and the location of the storage. This was done to minimize accidental injury to fire officials fighting fires in buildings or structures that may house explosive materials.

Industry Seminars

ATF conducts seminars for firearms and explosive permittees and licensees, providing current information on the laws and regulations pertaining to these commodities. Through these seminars, ATF has fostered partnerships with firearms and explosive industry members to prevent tragedies stemming from the illegal use of firearms and explosives. Seminar attendees include industry officials, licensees, permittees, and State and local law enforcement officials.

ATF also conducts seminars for alcohol and tobacco permittees. These seminars focus on current market trends, compliance concerns, changes in laws, regulations, or Bureau policies, and industry-raised issues. In partnership with the states, ATF conducts the seminars with the state alcohol beverage control agencies to provide the total compliance enforcement picture to those in attendance. In FY 2000, ATF conducted 27 alcohol and tobacco seminars.

National Firearms Act

The National Firearms Act requires that certain firearms be registered in the National Firearms Registration and Transfer Record. Firearms requiring registration are machine guns, silencers, short-barreled rifles and shotguns, destructive devices, and certain concealable weapons classified as "any other weapons." ATF processes all applications to make, export, transfer, transport, and register National Firearms Act firearms, as well as notices of the National Firearms Act firearms manufactured or imported. The registration information supports the field programs to inspect firearms licenses and to conduct criminal investigations. The NFA Branch continually provides technical information to industry and the public.

Firearms and Ammunition Importation

ATF regulates the importation of firearms, ammunition, and other defense-related articles through the issuance of import permits, and maintains close liaison with the Department of State to ensure that the permits issued do not conflict with the foreign policy and national security interests of the United States.

Program: Inform the Public

This program publicizes information on ATF policies and regulations, product safety, and theft prevention using the Internet, trade publications, seminars, and industry meetings and works in partnership with others to inform, advise, and educate the public.

Industry and State Partnerships

ATF continued its liaison with other Government agencies working toward a common goal of ensuring safety in the explosives industry. In FY 2000, ATF specialists met with Department of Transportation (DOT) and Consumer Product Safety Commission (CPSC) representatives on issues of mutual concern. ATF also worked with the Department of Defense (DOD) and the Occupational Safety and Health Administration (OSHA) in developing or updating memoranda of understanding in the regulation of persons and companies in the explosive industry. Further, CPSC and DOT have been instrumental in providing instruction at the Advanced Explosives Training sessions. In addition, ATF continues to work with the Federal Aviation Administration regarding that agency's storage of explosives materials on or near airport property.

ATF is working with the National Shooting Sports Foundation on a variety of firearms commerce related issues. These include the development of joint seminars for firearms dealers on firearms law and regulations, best business practices, and licensee safety and security issues. ATF is also looking at ways to educate firearms dealers on "straw purchaser" recognition.

Bureau-wide Programs

ATF continued to emphasize a strong and efficient organization in order to accomplish its programmatic goals effectively. The programs that support ATF's three major activities; Reduce Violent Crime, Collect Revenue, and Protect the Public, are highlighted below:



TRAINING

The Office of Training and Professional Development's (TPD) high quality, innovative training programs improve the performance of the Bureau's employees, and enhance the skills of thousands of State, local, and international personnel each year, all in support of ATF's Strategic Plan. These programs are delivered at Bureau Headquarters, the ATF Academy, field divisions, or at various satellite training sites across the country and the world. Although training of ATF's personnel is part of our commitment to develop a talented and effective workforce, ATF is also charged, as part of its core mission, to train State and local law enforcement and industry personnel in ATF's areas of expertise.

New Professional Joint Agent/Inspector Training

A record number of new ATF inspectors and special agents completed New Professional Training (NPT) at the ATF Academy. Joint agent/inspector training consisted of three weeks of training on topics of shared responsibility. NPT affords agents and inspectors the opportunity to build solid working relationships and to learn information uniformly relative to their collaborative responsibilities. At the conclusion of joint agent/inspector training, agents receive another ten weeks and inspectors another six weeks of occupation-specific training on technical issues. There were a total of 159 agents and 64 inspectors trained from October 1999 through September 2000, bringing the total number of inspectors trained to 143 and the total number of agents trained to 419 since NPT began in FY 1998.

Other TPD FY 2000 accomplishments included the following:

- ❖ Provided over 500 weeks of in-service and/or out-Bureau training to ATF personnel;
- ❖ Continued to ensure the ongoing administration and completion of the Bureau's Critical Incident Management Divisional Training (CIMRT). This included the completion of joint training for the remaining six field divisions in the first quarter of FY 2000. In February 2000, the second phase of CIMRT Divisional training commenced and seven field divisions were trained separately in a more advanced CIMRT environment designed to adequately prepare personnel for field training exercises (FTXs) scheduled to begin FY 2002;

- ❖ Conducted Close Quarter Countermeasures (CQC) defensive tactics basic training for Bureau Headquarters agents and explosives enforcement officers (EEOs); conducted initial training for certified instructors with the goal of training every field agent and EEO by the end of calendar year 2000;
- ❖ Created the Use of Force Training Guide supplement which contains standard tactical lesson plans to ensure consistent training Bureau-wide;
- ❖ Provided 24 YCGII Training classes to 1,661 participants which included ATF, Federal, State and local law enforcement personnel;
- ❖ A joint Department of Justice-ATF Trafficking Seminar was presented to approximately 150 U.S. attorneys and State and local law enforcement officers. As a direct result of this effort, ATF experts now teach U.S. attorneys at the Advocacy Center, the types of assistance and analysis that ATF can provide in Federal firearms trafficking cases;
- ❖ Produced the video "Women in Federal Law Enforcement (WIFLE): Pioneers in Valor and Vision" for the 2000 WIFLE Conference and future ATF and other law enforcement recruitment efforts;
- ❖ Designed and delivered a Director of Industry Operations (DIO) training conference to 32 DIOs;
- ❖ Instituted and coordinated the Institute for Management Studies (IMS) initiative offering monthly; one-day leadership seminars to ATF managers of all levels in Headquarters and 17 field divisions nationwide;
- ❖ Planned and facilitated 11 CORE classes in Washington, DC, with 225 ATF employees attending.

State, Local, and International Training:

- ❖ In concert with Bureau Field Offices and other Headquarters Directorates, TPD provided training to 87,859 other Federal, State and local, international law enforcement officers; industry personnel; civilians; and civic organizations. Topics included arson investigation, explosives identification and regulation, firearms trafficking/ identification, gangs, post-blast investigations, advanced interviewing techniques, and firearms serial number restoration;

- ❖ Provided international training courses to more than 850 participants, from more than 45 different countries, which included basic and advanced firearms and explosives identification, post-blast investigation, and alcohol and tobacco diversion;
- ❖ Delivered Seminar in Explosives and Bomb Threat Management (SEMTEX) at two U.S. airports (one in San Juan, Puerto Rico) to more than 500 law enforcement and airline/airport security personnel;
- ❖ Conducted the fourth annual International Firearms Trafficking Seminar in Niagara Falls, Canada. Because of its caliber, the course is mandatory training for all personnel in several Canadian law enforcement departments.

SCIENCE AND TECHNOLOGY

The Office of Science and Technology/Chief Information Officer (CIO) plays a key role in support of the Bureau's enforcement and revenue programs. The CIO also served as the senior executive for the Year 2000 Century Date Change Project, an aggressive multi-year, inter-Bureau effort to identify and bring ATF's information technology (IT) and non-IT systems into compliance as ATF moves forward into the new millennium.

Information Infrastructure

ATF modernized its IT through deployment of the Enterprise Systems Architecture (ESA), an infrastructure that ensures that ATF's strategic and day-to-day business requirements are supported by IT that is secure, reliable, available, Y2K date compliant, and maintainable. ESA provides ATF with the ability to collect, clarify, and communicate the information needed to accomplish its mission to reduce violent crime, collect revenue, and protect the public.

ESA supports approximately 4,100 employees and 1,200 contractor workstations nationwide. Field personnel, i.e., agents, inspectors, and auditors, use notebook PCs with docking stations; and employees and contractor personnel assigned to offices are equipped with desktop PCs. All employee workstations are connected via local area networks (LANs). The LANs are connected via a high-speed, wide-area network that serves as the electronic backbone of ATF's data communications. Every employee is equipped with a Pentium or Pentium II computer running Microsoft Corporation's Windows 95 operating system and the Office 97 Professional Office Suite, anti-virus software, Microsoft Exchange electronic mail, and security software to encrypt data stored on notebook PCs.

Data Communications Infrastructure

A Frame Relay Network Upgrade Project was undertaken to design, coordinate, implement, and test the upgrade of the entire wide area frame relay network. While transparent to the ATF user community, this upgrade increased minimum bandwidth of ATF's wide-area network from 32 kilobytes (kbs) to 128 Kbs to approximately 200 ATF points of presence in the continental United States. The upgrade provided ATF with the ability to place into production and support many significant software engineering investments such as ATF's National Field Office Case Information System (N-FOCIS), Forensics Automated Case and Exam Tracking System (FACETS), Firearms Tracing System (FTSWEB), and Online-LEAD. This upgrade has also enabled applications such as Exchange Mail and Tivoli to function reliably on the wide-area network. The re-engineering effort provides backup and enhanced stability of the network. The project was a major success by implementing state-of-the-art applications through the network in support of ATF's mission activities.

Laboratory Services

In FY 2000, Laboratory Services, with the support of ATF's Office of Training and Professional Development and the Association of Firearm and Toolmark Examiners (AFTE), graduated the first class of the ATF National Firearm Examiner Academy. In addition, the second class commenced in July 2000. With full Laboratory Services support, AFTE implemented the first professional certification program for Firearm and Toolmark Examiners. ATF examiners assisted in developing the testing procedures.

Laboratory Services continued its support and leadership in partnerships with the University of Central Florida (arson and explosives methods); the University of Maryland (fire research center development); and the U.S. Customs Service (imported tobacco product authentication).

Laboratory Services developed new analytical approaches for supporting alcohol and tobacco diversion and smuggling investigations and have used them successfully in critical investigations. In FY 2000, Laboratory Services personnel completed 2,682 forensic cases, analyzed 6,052 alcohol and tobacco product samples and processed 8,500 alcohol product formula applications. Personnel also provided 282 days of instruction to ATF and other Federal, State and local law enforcement agencies; spent 184 days providing expert testimony in courts of law; and spent 239 days providing scientific advice and support at ATF-investigated crime scenes.



ATF chemist prepares wine for heavy metal analysis.



An imported cigar is measured to assist in product classification.

Audit Services

The Audit Services Division (ASD) continues to provide an important investigative link in both criminal and regulatory enforcement investigations such as arson and bombings-for-profit, alcohol and tobacco diversion, firearms and drug trafficking cases, gang-related activities, and money laundering schemes. In addition to these investigations, ASD has worked closely with inspectors on regulatory investigations in the revenue program area, specifically on National Brewery Audits performed during FY 2000.

An important enhancement to ASD during FY 2000 was the implementation of a Financial Investigation Information Repository. ASD designed and implemented an information repository to warehouse the tacit knowledge (real-life experiences) of forensic auditors with the goals of providing more efficient training and standardizing forensic accounting and

auditing investigative practices. This repository also categorizes the type of financial investigations performed in order to accumulate and segregate the similarities and differences unique to each financial investigation.

Technical Support

Technical support to field agents and inspectors is provided by the Technical Support Division which comprises the Technical Operations Branch (TOB), the Radio Branch, and the Visual Information Branch.

TOB has three sections: the Electronic Surveillance/Technical Surveillance Countermeasure Section, the Computer Forensics Section, and a Logistics Section. TOB purchases investigative equipment, investigative supplies, agent safety equipment including body armor, law enforcement vehicles, and electronic surveillance equipment. TOB evaluates new technology, and trains tactical operations officers and technical enforcement officers.



Mobile state-of-the-art van makes the tactical officers' job easier by providing the equipment needed in the field.

The Computer Forensics Section provides trained personnel who extract information from seized computers and assist in computer crime and Internet investigation. In FY 2000, the Computer Forensics Section trained an additional ten Computer Investigative Specialists in the Basic Evidence Recovery School and 12 Computer Investigative Specialists in the Advanced Evidence Recovery School, where they were introduced to Linux Operating Systems and network techniques.

The Radio Branch provides a national wireless communications system, managed by a network of deployed radio technicians who maintain the ATF Radio infrastructure and provide tactical communication assistance.

The Visual Information Branch processed several thousand requests for audio/visual, graphics, and photographic support from internal ATF customers as well as external customers including the Department of the Treasury, and State and local law enforcement agencies.

LIAISON AND PUBLIC INFORMATION

The Liaison and Public Information office serves as principal advisor on matters relating to the public, media, and industry information; and policies and compliance with the Freedom of Information and Privacy Acts. The office establishes and maintains Embassy contacts and police official liaisons, and reviews responses to all inquiries received from the Department of the Treasury and Congressional offices, as well as correspondence for the Director.

ATF continues to expand the use of its Internet site to include ATF and Treasury reports, special notices to industry members, and FFL eZ-Check access to FFL verification. ATF has also launched the Nibin.gov website to serve as a entry point for the public and a resource to the law enforcement community on the National Integrated Ballistics Information Network. One highlight for the year was the number of television shows that featured ATF employees. The Discovery Channel, the History Channel, and A&E showed ATF's investigative work in various shows.

The ATF website is fully accessible to the handicapped and meets the requirements of Section 508. The website continues to grow in its use by the public, industry members, Congress, and the media. Visits to the site average 150,000 per day. The number of email inquiries are approximately 15,000 for FY 2000.

: Over 4,000 special agent and 3,000 inspector-related e-mail inquiries were received for positions that were advertised on the ATF Internet and OPM Job sites.

: The ATF IntraWeb is an internal "bulletin board" designed to provide daily updates and other information that employees need to do their jobs. The site is also linked to the Treasury IntraWeb. An Ethics site was added this year to provide online resources and opinions to employees on various ethics related issues.

INSPECTION

: ATF maintains an Office of Inspection (OI) with primary responsibilities to plan, direct, and coordinate inspection and internal affairs activities. It appraises the effectiveness of operations, assesses the quality of management and supervision, and determines adherence to organizational policies, regulations, and procedures. The OI conducts employee integrity investigations, either criminal or administrative, and other sensitive investigations assigned by the Director.

: The OI Inspection Division is responsible for inspecting (on a three-year cycle) all directorates in the field and at Headquarters, as well as associated administrative functions. These inspections determine administrative and operational efficiencies, and ensure that component offices are in compliance with ATF and Treasury rules and regulations.

: The OI Investigations Division reviews all complaints and allegations involving personnel to determine if an investigation is warranted. Every effort is made to investigate these allegations in a timely manner to resolve issues that impact upon the Bureau and employees. The Inspection Division remains sensitive to the rights of employees and balances that with the obligation to conduct thorough investigations. The Division also provides training to all employees in order to prevent misconduct, and as a result, reassures the public that ATF adheres to the highest standards of ethics and integrity.

: The OI Personnel Security Branch is responsible for conducting background investigations for all tentatively selected ATF applicants, as well as certain contractors assigned to Bureau projects or those working in ATF space. The Personnel Security Branch conducts periodic reinvestigations on current employees. Executive Order 12958 mandates periodic reinvestigations every five years for critical-sensitive positions and every ten years for non-critical positions. This office is also responsible for position sensitivity and debriefing of employees at Headquarters who are resigning or retiring from ATF.

SPECIAL OPERATIONS

During FY 2000, polygraph program examiners conducted approximately 400 examinations of suspects, informants, and witnesses. Of the tests conducted, conclusive opinions were rendered over 90 percent of the time. Additionally, 130 pre-employment polygraph screening exams were conducted this fiscal year.

The National Communications Center/Enforcement Operations Center provides Bureau-wide tactical communications and record communications support and access to various law enforcement information data bases. During FY 2000, the National Communications Center/Enforcement Operations Center received and assisted in 177 hotline calls, 854 Federal firearms licensee calls, and 67 National Response Team/Special Response Team callouts. Additionally, this Branch processed 4,021 National Instant Criminal Background Check System (NICS) referrals. Furthermore, this Branch entered 1,927 ATF wanted persons into NCIC, and 1,814 ATF wanted persons were arrested and cleared from NCIC. Finally, the Branch received a total of 68,430 telecommunications messages from ATF, other law enforcement agencies, and various worldwide communications centers.



Special agents participating in a Critical Incident Management Support Team activation.

The Critical Incident Management Branch is comprised of the Critical Incident Management Section and the Tactical Response Section. The Critical Incident Management Section coordinates ATF's preparation for critical incidents. The Section also coordinates the activities of the Critical Incident Management Response and Support Teams as well as assisting in the



A special agent conducts business in the Emergency Operations Center.

training for both field and Headquarters personnel. Further, this Section manages the Crisis Negotiations Program, which is comprised of special agents specially trained to communicate with subjects causing volatile or threatening situations.

The Tactical Response Section oversees the Special Response Teams (SRTs) and the ATF Operational Medical Support Program, and monitors the division tactical advisors (DTAs). ATF's five SRTs are comprised of highly trained special agents who conduct "high risk" operations, including arrests, search warrants, undercover operations, and protection details. The SRTs also assist in providing tactical training. During FY 2000, the SRTs were activated a total of 84 times and were involved in 119 operations. The ATF Operation Medical Support Program consists of specially trained special agents capable of providing advanced and basic life support. The DTAs are tasked with providing standardized tactical direction to ensure that the most current and safe tactics are being employed as well as serving as advance planning assets to division personnel for non-SRT operations.

The Enforcement Support Branch oversees the following ATF programs: airborne operations, coordination of special event/major event support (e.g. 2002 Winter Olympic Games, NATO 50 celebration, Republican and Democratic National conventions), protective mission support to the U.S. Secret Service and State Department, participation in gang enforcement programs and conferences, coordination of the Interagency Crime Drug Enforcement (or OCDETF) Task Force program, the Victim/Witness Assistance program, Federal deputation through the U.S. Marshals Service, loss/theft of agent cashier funds reporting, maintenance of Emergency Expense Fund, and coordination of requests from the field for Department of Justice and Office of Enforcement Operations services (e.g. Witness Security Program, international prisoner

transfer program, S-Visa applications, use of Federal inmates in investigations).

STRATEGIC INTELLIGENCE

The critical tool of strategic intelligence support remains a vital force multiplier by which ATF successfully accomplishes its strategic goals of Reducing Violent Crime, Collecting Revenue, and Protecting the Public. Major milestones reached in FY 2000 were:

❖ Field Intelligence Capability Expansion

In FY 2000, ATF continued developing Field Division Intelligence Groups at each of its 23 Field Divisions strategically located throughout the United States. These Intelligence Groups meld the training and experience of special agents, intelligence research specialists, industry operations inspectors, and support staff who focus on providing tactical intelligence support for their respective field divisions and their external law enforcement partners. FY 2000 saw the selection of supervisory special agents to head each Field Intelligence Group. The Intelligence Group Supervisors are coordinated by, and work in conjunction with, the Intelligence Division to form a Bureau-wide intelligence infrastructure. During FY 2000, the Intelligence Division provided indoctrination and training for all Field Intelligence Group Supervisors, Intelligence Officers, and Intelligence Research Specialists.

❖ Partnerships

ATF maintains intelligence partnerships with the National Drug Intelligence Center (NDIC), El Paso Intelligence Center (EPIC), Financial Crime Enforcement Network (FinCEN), Interpol, the Federal Bureau of Investigation Counter Terrorism Center (FBI/CTC) and other international intelligence sources. Furthermore, ATF maintains a Memorandum of Understanding (MOU) with the nation's six Regional Information Sharing Systems (RISS) which represent thousands of State and local law enforcement agencies, pledging to share unique and vital intelligence resources. These external partners are a key component of ATF's Strategic Intelligence Plan and the means by which ATF ensures a maximum contribution to the nation's law enforcement and intelligence communities.

During FY 2000, the Intelligence Division spearheaded the formulation of a MOU with the FBI concerning collaborating on investigations conducted by Joint Terrorism Task Forces located throughout the United States. This MOU brings to bear ATF's unique knowledge and skills of explosives and firearms violations to

bear in conjunction with the FBI's expertise in terrorism.

❖ Technological Advancements

In FY 2000, Phase 1 of a multi-phased, state-of-the-art automated case management/intelligence reporting system entitled N-FOCIS (National Field Office Case Information Systems) continued to receive minor enhancements. N-FOCIS comprises two companion applications: N-FORCE for special agents and N-SPECT for industry operations inspectors. Both eliminate redundant manual data entry on hardcopy forms and provide a comprehensive reporting and information management application in a secure electronic environment.

N-FOCIS constitutes an on-line case management system and electronic central information repository that allows ATF to analyze and fully exploit investigative intelligence. N-FOCIS epitomizes the strength and unique value of ATF's combined criminal and industry operations enforcement missions. During FY 2000, the Intelligence Division provided in-service training to many of ATF's 23 field division special agents, investigative assistants, and inspectors on the use of the N-FOCIS applications. ATF is planning to expand the N-FOCIS functionality and to integrate N-FOCIS with several key ATF applications including the National Revenue Center, the National Tracing Center, National Arson and Explosive Repository, and the Intelligence Division's Text Management System. This integration plan establishes N-FOCIS as the Bureau's information backbone supporting its Strategic Goals.

In FY 2000, the Intelligence Division played an integral role in the development of the computer application N-Quire. N-Quire is a relational database that will replace the Advanced Serial Case Management system (ASCMe) as the Bureau's primary lead tracking system, and is a component of N-FOCIS. N-Quire will be integrated with ATF's investigative reporting system, N-Force. It will offer ATF personnel a cutting-edge case management tool that retains all the functionality of ASCMe, but in an intuitive, user-friendly format. This year, Intelligence Division personnel worked alongside computer programmers at every stage in the development of N-Quire, ensuring that it would meet the demanding, specific needs of the ATF investigator and analyst. N-Quire will be available to the field by mid-FY 2001.

❖ Accomplishments

Noteworthy accomplishments during FY 2000:

- Assisted the Department of Energy (DOE) with on-site threat assessments of seven special nuclear materials facilities across the United States;

- Reviewed over 107,000 intelligence community electronic messages;
- Assumed a lead role in the National Violence Against Health Care Provider Task Force wherein 1,566 investigative leads have been analyzed since the Task Force's inception in December 1998;
- Developed and presented intelligence training curriculum to all ATF Intelligence Group Supervisors, Intelligence Officers, Intelligence Research Specialists, newly hired special agents and inspectors undergoing New Professional Training, all personnel undergoing alcohol and tobacco diversion investigation training, all special agent supervisors at the first-line and mid-management level, and all personnel undergoing Critical Incident Management and Response Team training;
- In FY 2000, a Knowledge Management (KM) initiative was begun in ATF. This initiative involves the web-enablement of all mission-critical databases to provide "need to know" access to ATF employees and customers as appropriate. ATF has established three employee-accessible pilot KM modules on the ATF IntraWeb in Audit Services, Arson Investigations, and Alcohol and Tobacco Diversion Investigations for those areas of expertise. As these pilots prove successful, ATF will develop KM modules for other ATF expert communities of interest in FY 2001.

Operation Security (OPSEC)

The most significant event for the ATF OPSEC Program Office this year was the arrival and appointments of new OPSEC Officers. Out of the six selected, four have reported and are active in ATF operations. During the past year, the OPSEC Office has been involved in three major cases providing Threat and Vulnerability assessments and performing its primary duty as operational OPSEC Advisory to each Incident Commander. During the duration of each of these cases, the OPSEC Office, in concert with Special Operations Division, Intelligence Division and the primary field division, successfully executed enforcement operations on three Outlaw Motorcycle Organizations. These operations were of the largest magnitude in ATF's history. During these operations, no ATF personnel were injured, no suspects were seriously injured and no operational information was leaked to compromise the operation.

With the support of Division Directors and the training and education conducted by the OPSEC Office, request for OPSEC support has increased by over 150%. With the appointment of the new Regional OPSEC Officers, ATF anticipates that this number will better than triple during FY 2001.

ATF maintains the highest standard for OPSEC in Federal law enforcement and has set the example of how an OPSEC Office should function in support of operations.

LEGAL

ATF's Office of Chief Counsel provides a full range of legal support to the Bureau's varied missions. The Chief Counsel is a member of the Executive Staff and principal legal advisor for the Director, Deputy Director, and Assistant Directors. The Chief Counsel operates under general direction of the General Counsel and the Associate General Counsel (Enforcement) of the Department of the Treasury.

Attorneys advise ATF personnel on issues related to alcohol, tobacco, firearms, explosives, arson, and administrative law. They also prepare, review, or assist in the preparation of proposed legislation, regulations, and executive orders relating to the laws affecting and enforced by ATF; make recommendations to the Department of Justice concerning litigation involving ATF; and represent ATF in administrative proceedings.

ATF currently has attorneys in 16 of 23 field divisions and plans to have all field divisions staffed with attorneys by FY 2003. The integration of legal services into the field structure will serve ATF well while countering the ever-increasing challenges presented by ATF's mission.

MANAGEMENT

The Office of Management (OM) provides leadership to and works in partnership with other senior Bureau officials in executing ATF's core business processes (finance, human resources, procurement, and administrative programs) to support the Bureau's mission.

In FY 2000, OM continued its focus on operating in a fiscally sound manner, meeting external mandates, protecting Bureau resources, and improving customer service. Specific accomplishments include:

❖ Audit Opinion

Led the effort that resulted in ATF receiving an Unqualified Audit Opinion for the sixth consecutive year;

❖ Conversion of Finance System

Completed the first full year converting ATF's financial system from a mainframe to client-server environment and deploying of the system to over 500 users nationwide. This conversion moved ATF closer to its financial management vision

of 100% electronic transaction processing, real time financial data, and integration with other major systems. This conversion provides:

- electronic requisitions, reprogramming of funds, goods and services receiving reports, and travel funds commitments;
- email notification of payment to ATF employees and vendors;
- electronic submission of payment data to the Treasury disbursing agency versus creating a tape and sending it Federal Express to Philadelphia, Pennsylvania, to generate payments; and
- elimination of paper statements associated with Small Purchase credit card transactions and daily draw downs against budgets.

❖ **Implementation of the Civil Asset Forfeiture Reform Act of 2000**

With the enactment of the Civil Asset Forfeiture Reform Act in April 2000, OM lead the effort to provide training to 23 field divisions by first conducting a train-the-trainers conference. Providing additional support to the trainers resulted in the successful training of special agents and attorneys in the field prior to the August 2000 effective date of implementation of the Act.

❖ **Human Resources**

Hired 208 new agents; 54 have been cleared and are ready to report in FY 2001; and 116 are awaiting clearance. In addition, under new hiring procedures, over 1100 applicants took the Treasury Enforcement Agent Examination during the fiscal year; 760 passed and are eligible to advance in the hiring process.

❖ **Construction of the Canine Training Facility**

Completed the construction of a new Canine Training Facility, which provides state-of-the-art facilities for training ATF handlers and canines. The 24,000 square-foot facility located in Front Royal, Virginia, houses a staff of 21 personnel.

Financial Results, Position and Condition

Overview of Financial Data

ATF's financial management vision is "to enable ATF to work better and cost less by financial and program personnel working in partnership, using modern management techniques and integrated financial systems. Together, we will ensure the integrity of information, make informed decisions, and measure performance to achieve desirable outcomes and real cost effectiveness."

A number of enhancements were made during FY 2000 to comply fully with the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, the Government Performance and Results Act of 1993, the Debt Collection Improvement Act of 1996, the Federal Managers' Financial Integrity Act of 1982, the Federal Financial Management Improvement Act of 1996, and a number of GSA-mandated travel regulation changes. ATF completed its financial system conversion from a mainframe to client-server environment. The Bureau converted all ATF cardholders to a new Treasury-wide credit card program, standardized its expenditure categories to meet Treasury-wide requirements, and enhanced its cost accounting to incorporate payroll expenditures down to Bureau programs and project levels.

ATF continues to make progress in implementing Federal financial management reforms and incorporating advances in information management technology into its processes. This has contributed to ATF again receiving an unqualified audit opinion from PricewaterhouseCoopers LLP for FY 2000.

Budget Integrity

Sources of Funds

The total budget authority available for use by ATF in FY 2000 was \$676.0 million. Of that amount, the Congress appropriated \$566.0 million for the Bureau's Salaries and Expenses Fund and \$40.9 million for the Violent Crime Reduction Trust Fund. An additional \$69.1 million was made available from other sources. These other sources included the following: no-year carryover funds of \$19.6 million; appropriation trans-