

ATF's Milwaukee sting operation marred by mistakes, failures

[Michael Sears](#)

David Salkin unknowingly rented his building at 1220 E. Meinecke Ave. to the ATF, which ran an undercover sting. Burglars broke into the business, ending the operation. Salkin says the ATF owes him \$15,000 for damage and unpaid utility bills. The agency has refused to pay.

By [John Diedrich](#) and [Raquel Rutledge](#) of the Journal Sentinel
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They were undercover agents from the [U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives](#) running a storefront sting aimed at busting criminal operations in the city by purchasing drugs and guns from felons.

But the effort to date has not snared any major dealers or taken down a gang. Instead, it resulted in a string of mistakes and failures, including an ATF military-style machine gun landing on the streets of Milwaukee and the agency having \$35,000 in merchandise stolen from its store, a Journal Sentinel investigation has found.

When the 10-month operation was shut down after the burglary, agents and Milwaukee police officers who participated in the sting cleared out the store but left behind a sensitive document that listed names, vehicles and phone numbers of undercover agents.

And the agency remains locked in a battle with the building's owner, who says he is owed about \$15,000 because of utility bills, holes in the walls, broken doors and damage from an

overflowing toilet.

The sting resulted in charges being filed against about 30 people, most for low-level drug sales and gun possession counts. But agents had the wrong person in at least three cases. In one, they charged a man who was in prison - as a result of an earlier ATF case - at the time agents said he was selling drugs to them.

Other cases reveal that the agency's operation was paying such high prices that some defendants bought guns from stores such as Gander Mountain and sold them to the agents for a quick profit. The mistakes by agents are troubling and suggest a lack of planning and oversight, according to veterans of the ATF, who learned about the operation from the Journal Sentinel. The newspaper combed through police reports, court documents, social media and materials left behind by the ATF, all of which provide a rare view inside an undercover federal operation.

"I have never heard of those kinds of problems in an operation," said Michael Bouchard, who retired five years ago as assistant director for field operations for the agency. "Sure, small bits and pieces, but that many in one case? I have never heard of anything like that."

The agency has been on the defensive in recent years following the ill-fated [Fast and Furious operation](#), run out of Arizona, where agents allowed sales of more than 2,000 guns to gun traffickers but then failed to keep track of most of them. Many turned up at crime scenes in Mexico, including two at the site where a U.S. border guard was killed.

And now, in the wake of the school shooting in Connecticut, as President Barack Obama considers new restrictions on guns, the agency is poised to take on additional responsibilities.

The ATF has run storefront stings in other cities, holding news conferences trumpeting results and showing off the guns and drugs seized. In Milwaukee, the operation has been kept quiet.

Residents of the area, tucked between N. Humboldt Blvd. and the Milwaukee River, are angry the ATF secretly drew drug dealers and gun-toting felons to their neighborhood, which is rallying to improve.

Federal authorities said they could not say much about the Milwaukee operation because court cases have not been resolved and the ATF is still seeking suspects.

U.S. Attorney James Santelle, whose office was briefed on plans for the sting, declined to comment on problems in the operation, focusing instead on the number of defendants charged and the 145 guns seized, including three sawed-off shotguns, 10 stolen guns and eight guns with obliterated serial numbers.

Santelle said all federal investigations are not the same and noted in this case four of the defendants are facing long prison terms for being career armed criminals.

"They are plainly a threat to the community," he said.

ATF spokesman Special Agent Robert Schmidt said he is convinced the operation didn't bring crime to the neighborhood and instead made the streets of Milwaukee safer.

Schmidt declined to say how much the sting operation cost.

"Our number one responsibility is denying criminal access to firearms and that is what we are trying to do," Schmidt said. "It is our duty to purchase these firearms to protect the American public and citizens of Milwaukee."

Suspicious operation

When David Salkin put his single-story building on E. Meinecke Ave. up for rent on Craigslist, he had a choice: Lease to a church or Fearless Distributing.

He went with the upstart Fearless operation because they were willing to take all 8,000 square feet of the building and pay the \$3,200 in monthly rent in cash.

The agent who signed the lease gave Salkin a fake name and home address. Fearless was not registered with the state. The agents told Salkin their operation was new and they would get to that.

The agents, wearing shirts that said "Brew City Hustle," carved out a part of the warehouse for a showroom of jeans, coats, shoes and purses along with bongos and fake urine, for those trying to beat a drug test. They also set up an office with a cash-counting machine.

They installed secret cameras and a command center where the sting would be run.

The operation created a Facebook page and chose a striking logo - a skull with a slew of guns and knives fanned out behind - ripped off from a recent Sylvester Stallone movie, "The Expendables." The store didn't say it was in the gun business but the logo suggested that.

Agents "let it be known" they were willing to buy guns and drugs, according to documents from the circuit court charges. The records don't say how they did that, but agents had business cards with the Fearless logo and the words "Buy, sell, or trade." The cards were found by the landlord after agents

left.

Salkin, who previously ran his sign business from the building, was a first-time landlord. He said he saw little of the Fearless operation because they mostly kept him out. What he saw gave him suspicions. It looked to him like they were selling counterfeit goods. But the rent was coming in - a relief after months without a tenant.

As secretive as the ATF was with Salkin, there were hints of what was going on. Workers at the tannery across the street noticed people going into the store carrying packages and guns, then coming out empty-handed. Odd for a place that was supposed to be selling things, they thought.

Mike Zielinski, a UPS driver in the area, said he asked the people running the operation if they needed to get an account for deliveries. What they said puzzled him.

"They said they wouldn't be sending or getting anything. I thought that was odd because 'distributing' is in their name. Fearless Distributing," he said. "I was wondering, what kind of business is that."

They never sent or received anything via UPS in 10 months, Zielinski said.

Targeting 'hot spots'

Milwaukee is among 31 cities where the ATF has dedicated a [Violent Crime Impact Team](#). The teams are supposed to target "hot spots" - small, high-crime areas - and go after the "worst of the worst" violent criminals, according to the agency's [Best Practices report](#).

The agency launched the initiative in 2004 and quickly reported

"enormous" success. Agency officials touted a drop in firearm-related homicides in pilot cities and credited the \$35 million effort with helping local police departments solve other crimes.

But a [U.S. Department of Justice Inspector General's report](#) two years later found no evidence that the teams reduced firearm crimes in the targeted areas. Authors of the report cited "inadequate direction" and "ineffective oversight" by the agency.

"We found that ATF based its analysis on insufficient data and faulty comparisons," the report stated.

In some cases agents located their operations in areas where violent firearm crimes had already been declining, according to the report.

In more than half the cases studied, the ATF used citywide data rather than numbers from the target areas, favorably skewing their analyses when reporting on homicides committed with firearms, the report found. And, teams in several of the cities failed to implement key strategies, such as compiling "worst of the worst" lists, engaging in community outreach or utilizing tracing and other technological resources.

Still, the initiative expanded in 2006 with the addition of Birmingham, Ala.; Baton Rouge, La.; Milwaukee and other cities.

In Milwaukee, agents located Fearless Distributing in a neighborhood where aggravated assaults had been declining since at least 2008, according to an analysis by the Journal Sentinel relying on Milwaukee Police Department numbers.

Aggravated assaults within a mile radius of the storefront dropped to 109 last year from 193 in 2008. Homicides in the

area ranged from zero to three per year during the last five years, far fewer than other crime-laden areas in the city.

ATF spokesman Schmidt would not say why the agency chose that location for a storefront sting.

"We pick a neighborhood if there is a property appropriate for what our needs are," Schmidt said. "You look for pockets in the city . . . and you look for a number of other mechanisms that go into it in order to make a decision."

Schmidt said he did not know of any recent evaluation, local or regional, examining the effectiveness of their operations.

"Look at how many cases have gone to the U.S. attorney," he said.

Nationally, the agency's website touts numbers showing teams referred an average of 671 cases per year for criminal charges from 2006-'09, with 14-year average prison sentences for those convicted. The Department of Justice issued news releases in Baltimore, Atlanta and elsewhere in the last couple of years praising the successes of individual operations.

In March, an undercover ATF sting made news in Richmond, Calif., for other reasons: when a gun-buying deal went bad and agents shot a suspect in the parking lot of a restaurant, [sending customers diving for cover](#).

ATF officials defended the operation and agents' actions.

Schmidt said funding for Violent Crime Impact Teams is being reduced in the agency's \$1.2 billion budget and that the ATF is launching a new, improved initiative in coming months called Frontline.

Top dollar paid for guns

Fearless Distributing was buying guns and drugs by March of last year. The sellers came from outside the Riverwest neighborhood, mostly from the near north side of Milwaukee, according to court documents.

The amount of drugs involved ranged from a gram of cocaine or an ounce of marijuana to an ounce of cocaine and seven grams of heroin on the high end. One charge is for selling fake drugs.

Gun charges also varied.

The ATF generally targets gun sellers using statutes that prohibit felons from having guns. The number of guns seized ranged from a single firearm to 25 to 30 guns.

ATF agents were paying top dollar for the guns, court documents show. For instance, Vance Fields sold a Smith & Wesson .40 caliber handgun to agents at Fearless in September for \$1,250, according to the criminal complaint. That model has sold for roughly \$400 to \$700 in online auctions recently.

In one case, Brandon Gladney sold more than 30 guns to ATF agents, including some that he and Courvoisie Bryant bought at Gander Mountain, according to court documents. Bryant is charged in federal court with being a straw buyer - someone who purchases firearms for another person who is prohibited from having them.

Daniel Stiller, head of the federal defender's service in Milwaukee, said such undercover operations are rare. The case involving Gladney and Bryant suggested to him that those defendants weren't major criminals given they got guns from a

store, not the street.

"I have to guess a true criminal on the streets of Milwaukee has the ability to obtain a firearm when needed from something other than a store," Stiller said.

Guns stolen from ATF SUV

As the gun and drug buys continued, the operation went awry. In September, an agent parked his Ford Explorer at the Alterra on N. Humboldt Blvd., about a half mile away, with three ATF guns stored in a metal box in the back.

About 3 p.m. Sept. 13, an Alterra employee spotted three men breaking into the Explorer. They stole three guns: a Smith & Wesson 9mm handgun, a Sig Sauer .40-caliber pistol and an M-4 .223-caliber fully automatic rifle. They also made off with ammunition and an ATF radio, according to a police report. It does not appear from the reports that the agent was at Alterra at the time of the break-in.

A major push began to find the weapons and the men who stole them, police records show. Two men were quickly arrested. An informant told police one of the suspects was showing off the guns and eight magazines of ammunition shortly after the vehicle burglary, according to police records.

One of the suspects hid the machine gun under a bed and took the handguns with him. He was questioned by police and refused to talk. He was released. No one has been charged in the burglary of the ATF guns, according to Milwaukee County Assistant District Attorney Karen Loebel. She declined to say if charges would be coming.

The ATF soon had one of its stolen guns back, however.

The very next day, according to court documents, 19-year-old Marquise Jones contacted agents at Fearless Distributing and sold the Sig Sauer - and another unrelated handgun - back to agents.

The price: \$1,400.

But Jones would not be arrested for two months. And when he was, it was not for the theft. His name does not appear on the police reports related to the vehicle break-in. He was charged with having a stolen gun.

Meanwhile, the hunt for the machine gun and the other stolen handgun continues.

"We are actively looking for any missing firearms that might be out there right now," the ATF's Schmidt said.

Gerald Nunziato, a retired ATF agent who supervised undercover operations, said he was shocked at the number of mistakes made during the operation. He questioned the decision to leave the agent's truck at the coffee shop with guns inside.

"That bothers me the most," Nunziato said. "The last thing you want to have is a gun stolen. If that gun is used to shoot someone, that is so personal."

ATF operation ripped off

The operation ran into more trouble in October, when burglars broke into the building housing Fearless and cleaned out the ATF operation.

Late on Oct. 9, a resident, who didn't want to be identified, spotted four men in the area in a car and a U-Haul truck who looked suspicious. He called police, but when they didn't come

quickly enough he went to the district station and reported what he saw in person. Police reports show officers came to investigate the next day. A Milwaukee police spokesman did not return a call for comment Tuesday.

The burglars made off with jewelry, clothing, auto parts, purses, Nike shoes and more, according to police reports. No one has been charged in the burglary.

The lease states that the alarm is included in the rent. But shortly after Fearless moved in, Salkin said he told the people running the store he was cutting the phone line, which connected the alarm. He said he assumed they would hook up their own alarm. They did not.

"You would think the ATF would know that," Salkin said.

The day after the burglary, Salkin and his wife met with an ATF supervisor, who assured them that they would take care of everything.

Salkin said by going over on the \$800 a month utility allotment and damage to walls, doors and carpeting, the ATF owes him about \$15,000, which includes a month of lost rent.

The ATF has balked, saying there was less than \$3,200 in damage and telling Salkin to return the security deposit. They told him to file a claim with the federal government and warned him to stop contacting them.

In an email to Salkin, ATF attorney Patricia Cangemi wrote, "If you continue to contact the Agents after being so advised your contacts may be construed as harassment under the law. Threats or harassment of a Federal Agent is of grave concern. Utilizing the telephone or a computer to perpetrate threats or harassment is also a serious matter."

Nunziato said he worked in undercover ATF storefront operations in the 1980s near Detroit. He said they too didn't tell the landlord, but when they left, they fixed the property to make it as good or better than when they moved in. Nunziato said he could not fathom the Milwaukee agents just walking away from a damaged building.

"To back up a toilet? Not paying bills? And then damaging the building?" he said. "It seems like the planning of this case was not done very well. Looks like it was done as they went along."

The Riverwest neighborhood where ATF ran its operation is a mix of Milwaukee bungalows, flats and duplexes, with many longtime homeowners mingled with renters. A few bars are sprinkled in the area along with the tannery and Salkin's former sign company.

The area has rallied against crime, lobbying to get a drug house closed. Neighbors developed a tight bond with their beat cop after a homicide occurred several blocks to the north.

"It's a whole mix of people here and that is what I really love," said Lorraine Jacobs, a resident for 27 years. "I wouldn't want to live anywhere else."

Jacobs and others feel betrayed by the ATF operation bringing drug dealers and gun sellers to their area.

"I feel like we were fooled, taken advantage of," she said. "It is unfortunate for our neighborhood. We are trying to bring it up and we are close to that. We just didn't need this."

Jason Reichel, who lives near Jacobs, said he would have preferred the operation wasn't in his neighborhood, but wouldn't want to push it off on another area. He said he is concerned ATF did not have control over the operation, given

the store was ripped off.

"I would expect that the ATF wouldn't get robbed, that they would have security measures," he said. "Maybe I watch too many movies. You would think it would be hard to rob an ATF operation."

Turns out, the ATF has weapons stolen or loses them more frequently than the public might think, according to a 2008 report from the Office of the Inspector General with the U.S. Department of Justice.

In a five-year span from 2002-'07, for example, 76 ATF weapons [were stolen, lost or missing](#), according to the report. That's nearly double the number compared with the FBI and the U.S. Drug Enforcement Administration, when considering rates per 1,000 agents.

Todd Roehl, a resident for five years, wonders if the ATF operation explains two unusual crimes in the neighborhood. Over the summer, the wheels were stolen off his wife's SUV, which was left up on rocks. A couple of months later, thieves attempted to break in to his shed. The ATF operation was buying stolen goods, but he is unsure if his wife's wheels ended up there.

He said the ATF should have chosen a less residential area, perhaps an industrial park or retail area.

"I have two small children and this is going on while they are playing outside?" he said. "The stigma is damaging. Every neighborhood tries to make things better. It does not help to have your own government planting crime here, which takes down, destroys and damages that. It's like, 'Thanks.' "

Botched arrests

After the burglary, agents wound down the operation and prepared to make arrests in November. The defendants charged with drug crimes generally went to state court while defendants facing gun cases, which also may include drug charges, went to federal court.

But during the roundup, ATF arrested and sought charges against three defendants who proved to be the wrong people, even though they had video of the defendants.

One of those was Adrienne Jones. ATF agents said Jones sold them six grams of marijuana on March 7. Problem was, Jones reported to a federal prison in Pennsylvania to start a sentence on March 1, according to Chris Burke, spokesman for the federal Bureau of Prisons - on an ATF case.

"He was definitely in our custody," Burke said. "He never left."

Loebel, the prosecutor, dismissed the charges against Jones and the other two. She said agents told her that they could not prove elements of the charge.

"Under those circumstances, we want to make sure we get the right one," she said. "You don't want to charge the wrong person. You certainly don't want to prosecute the wrong person. That is not something you strive for."

Asked about the quality of the remaining 15 cases, Loebel would only say she is proceeding with the prosecution of them and that all are important.

"It is really a gamut of individuals and offenses," she said. "My position is any amount of drugs, they have bad effects on people and on the community."

ATF's Schmidt said the agency always strives to identify the correct person before seeking charges against them.

"Certainly it is a concern," he said. "I think they put their best effort forward and it was their belief and information that these were the correct people."

Allan J. Vestal of the Journal Sentinel staff contributed to this report.