

DEPARTMENT OF JUSTICE | OFFICE OF THE INSPECTOR GENERAL

REPORT OF INVESTIGATION

SUBJECT Christopher L Yates (****-**-****) et al. Protective Security Officer Allied Universal Security Martinsburg, West Virginia		CASE NUMBER 2019-004326
OFFICE CONDUCTING INVESTIGATION Washington Field Office		DOJ COMPONENT Bureau of Alcohol, Tobacco, Firearms and Explosives
DISTRIBUTION <input checked="" type="checkbox"/> Field Office WFO <input checked="" type="checkbox"/> AIGINV <input checked="" type="checkbox"/> Component ATF <input type="checkbox"/> USA <input checked="" type="checkbox"/> Other DHS OIG	STATUS <input type="checkbox"/> OPEN <input type="checkbox"/> OPEN PENDING PROSECUTION <input checked="" type="checkbox"/> CLOSED PREVIOUS REPORT SUBMITTED: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Date of Previous Report:	

SYNOPSIS

The Department of Justice (DOJ) Office of the Inspector General (OIG) initiated this investigation upon the receipt of information from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Office of Internal Affairs (OIA) that the Philadelphia Police Department (PPD) recovered a "Ghost Gun," also known as a "Polymer 80% receiver," after a traffic stop on February 9, 2019.¹ The individual found in the car with the firearm was an alleged member of the 27th Street Gang, a violent gang known for multiple shootings in the South Philadelphia area. The recovered ghost gun consisted of a green polymer framed Glock type, Model 27, .40 caliber pistol upper receiver (slide) and barrel. The firearm was comprised of parts compiled from an unfinished receiver kit. While the frame on this firearm had no serial number, the slide and barrel had serial numbers that were traced back to the ATF destruction building (b)(7)(E). The recovered slide and barrel were part of a former ATF duty firearm that, according to ATF records, was supposedly destroyed in December 2018 at NFAD. The OIG conducted this investigation jointly with ATF and the Department of Homeland Security (DHS) OIG.

¹ According to ATF, a ghost gun is an unregistered firearm that lacks identifiable markings, such as a manufacturer's logo or serial number. ATF told us that a firearm produced in a private setting solely for personal use does not require identifying marks or a license, which makes it extremely difficult to trace if it is used in the commission of a crime. According to ATF, the Polymer 80% receiver is a Ghost Gun because it is an unregulated, unfinished receiver with a solid, un-machined fire-control cavity area that has not reached the "stage of manufacture" to qualify it as a "firearm frame" or "receiver" subject to ATF regulation.

DATE	(b)(6); (b)(7)(C)	SIGNATURE	(b)(6); (b)(7)(C)
PREPARED BY SPECIAL AGENT			
DATE		SIGNATURE	Digitally signed by Russell W. Cunningham Date: 2021.10.28 11:09:52 -04'00'
APPROVED BY SPECIAL AGENT IN CHARGE	Russell W. Cunningham		

Subsequent to the onset of the investigation, ATF OIA provided the OIG additional information that (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

an ATF Remington Model 870 shotgun was discovered missing from the ATF

National Academy.

ATF immediately initiated an investigation into the theft of government owned property from NFAD and found online postings about Glock 22 and Glock 27 upper assemblies which should have been destroyed, based upon serial numbers, during ATF's transition to Glock 19M handguns as duty weapons. Through interviews with cooperating sources, other intelligence gathered, and video surveillance from NFAD, Christopher Lee Yates and Richard Adam Schreiber were identified as the suppliers of the stolen ATF-issued Glock slides. Yates was a DHS Federal Protective Service (FPS) contracted guard employed by Allied Universal Security and assigned to the ATF National Tracing Center (NTC) and NFAD located in Martinsburg, WV. Schreiber is a non-DOJ individual who lived in Bedford, Pennsylvania.

On February 28, 2019, Yates was arrested based on a criminal complaint in the U.S. District Court for the Northern District of West Virginia (NDWV) charging him with Theft of Government Property (18 U.S.C. § 641). Yates was also terminated from the contract company, Allied Universal Security Services.

On April 24, 2019, Yates pleaded guilty to one count of Possession of Stolen Firearm and one count of Theft of Government Property.

On August 26, 2019, Yates was sentenced to 14 years in prison followed by three years of supervised release. The judge ordered a money judgement in the amount of \$300,000.

On August 6, 2019, Schreiber was charged in an eight-count indictment by a federal grand jury in the U.S. District Court for the Western District of Pennsylvania (WDPA) in connection with his dealings with Yates.

On March 5, 2020, Schreiber pleaded guilty in the WDPA to one count each of Conspiracy, Theft of Government Property, Dealing in Firearms without a license, Possession/sale of stolen firearms or ammunition, and Receipt/Possession of Unregistered Firearm, all related to firearms, parts, and ammunition stolen from NFAD.

On February 3, 2021, Schreiber was sentenced to 40 months in prison followed by three years of supervised release, and ordered to forfeit \$41,961 and all weapons, weapon parts, and ammunition in his possession.

The OIG conducted 26 interviews and did not find evidence of ATF employees or other contract workers or guards conspiring with Yates or Schreiber to steal weapons or parts from the NFAD facilities. The interviews included armorers; firearms enforcement officers; ordnance equipment specialists; property coordinators; program analysts; a warehouse specialist; a logistics management specialist; supervisory special agents; a division and branch chief, a physical security specialist; a seized property investigator; and security guards with knowledge of or involved with ATF weapons protocols involving storage and destruction.

The problems identified in this report, including the set-up, controls, and processes at ATF destruction facilities, created a scenario that enabled Yates to commit his crimes without detection and without help from other employees. ATF convened a Major Inspection Team (MIT) to conduct a full physical inventory of every firearm and serialized part in the ATF inventory after the Yates incident. In addition, an ATF working group conducted an evaluation and reorganization of NFAD after the Yates incident and made findings and

recommendations. Despite these efforts, we found that due to the initial deficiencies that enabled Yates's crimes, it is impossible to determine exactly how many weapons, parts, or ammunition Yates stole from the NFAD facilities over the years. Specifically, it is impossible to verify which items on the Report of Destruction or Report of Disposition for Excess Personal Property (both abbreviated to ROD) forms from August 2014 through February 2019 were actually destroyed versus stolen. Therefore, the OIG expects that individual weapons, weapon parts, or ammunition stolen from the NFAD facilities may continue to be recovered at crime scenes and in other locations in the future.

(b)(5); (b)(7)(C)

Additionally, the OIG was not able to locate an ATF Remington Model 870 shotgun that was discovered missing from the ATF National Academy. Records for the missing shotgun indicated it was sent on April 20, 2017, (b)(7)(E) from the ATF National Academy in Glynco, GA to FATD in Martinsburg, WV. According to ATF documents, (b)(6); (b)(7)(C) signed for the shotgun on April 21, 2017. (b)(6); (b)(7)(C) told the OIG that he secured the shotgun in either the FATD library collection, prop vault, or armorer's room. (b)(6); (b)(7)(C) then sent an email to the Property Management Section and the National Academy documenting receipt and requesting transfer of the shotgun in the ATF's database system from the National Academy to FATD, but this action was never completed. (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) In May 2018, the National Academy inventoried the shotgun in the ATF's database system as being at the Academy despite (b)(6); (b)(7)(C) signing for it on April 21, 2017 in Martinsburg. The Academy mistakenly accounted for the shotgun, and did not realize the error until June 27, 2019, when the ATF MIT was convened after the Yates incident. The shotgun was not inventoried by the ATF MIT and has not been located. The OIG investigation was unable to determine what happened to the missing shotgun.

To reduce the risk that the type of criminal conduct identified in this investigation happens again, the ATF must ensure that its procedures for the secure, accountable, and safe destruction of firearms are sufficient and effective. The OIG will monitor the ATF's firearm destruction processes and, as appropriate, conduct any necessary investigations, audits, inspections, or reviews.

The OIG has completed its investigation and is providing this report to ATF and DHS OIG for its review and action it deems appropriate. The OIG defers to DHS OIG to make any appropriate administrative findings against Yates, given that he was a DHS contractor.

Unless otherwise noted, the OIG applies the preponderance of the evidence standard in determining whether DOJ personnel have committed misconduct. The Merit Systems Protection Board applies this same standard when reviewing a federal agency's decision to take adverse action against an employee based on such misconduct. See 5 U.S.C. § 7701(c)(1)(B); 5 C.F.R. § 1201.56(b)(1)(ii).

ADDITIONAL SUBJECTS

Richard Adam Schreiber (***_***)
Civilian
Pennsylvania Resident

(b)(6); (b)(7)(C)
Bureau of Alcohol, Tobacco, Firearms and Explosives
Martinsburg, West Virginia

DETAILS OF INVESTIGATION

Predication

The Department of Justice (DOJ) Office of the Inspector General (OIG) initiated this investigation upon the receipt of information from the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Office of Internal Affairs (OIA) that the Philadelphia Police Department (PPD) recovered a "Ghost Gun," also known as a "Polymer 80% receiver," after a traffic stop on February 9, 2019.² The individual found in the car with the firearm was an alleged member of the 27th Street Gang, a violent gang known for multiple shootings in the South Philadelphia area. The recovered Ghost gun consisted of a green polymer framed Glock type, Model 27, .40 caliber pistol with an upper receiver (slide) and barrel. The firearm was comprised of parts compiled from an unfinished receiver kit. While the frame on this firearm had no serial number, the slide and barrel had serial numbers that were traced back to (b)(7)(E)

(b)(7)(E) According to ATF records, the slide and barrel had been part of a former ATF duty firearm that was supposedly destroyed in December 2018 at NFAD. Given that the slide and barrel were still in existence despite ATF paperwork reflecting that they had been destroyed, the OIG conducted an investigation jointly with ATF and the Department of Homeland Security (DHS) OIG.

Subsequent to the onset of the investigation, ATF OIA provided the OIG additional information that (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

an ATF Remington Model 870 shotgun was discovered missing from the ATF National Academy.

Investigative Process

The OIG's investigative efforts consisted of the following:

Interviews of the following ATF and DHS personnel:

(b)(6); (b)(7)(C)

² According to ATF, a ghost gun is an unregistered firearm that lacks identifiable markings, such as a manufacturer's logo or serial number. ATF told us that a firearm produced in a private setting solely for personal use does not require identifying marks or a license, which makes it extremely difficult to trace if it is used in the commission of a crime. According to ATF, a Polymer 80% receiver is a Ghost Gun because it is an unregulated, unfinished receiver with a solid, un-machined fire-control cavity area that has not reached the "stage of manufacture" to qualify it as a "firearm frame" or "receiver" subject to ATF regulation.

(b)(6); (b)(7)(C)

Review of the following:

- Lists of Destruction Facility Guards, Employees, Contractors and Property Custodians
- Martinsburg Contract Guard Schedules and Post Orders
- National Destruction Branch Surveillance Video
- Pictures of Old and New Destruction Facilities
- Christopher Yates PIV Card Records
- Firearms and Ammunition Technology Division Standard Operating Procedures
- National Firearms and Ammunition Destruction Branch Standard Operating Procedures
- National Disposal Branch Standard Operating Procedures
- ATF Report of Investigations
- Inventories from Federal Search Warrants
- ATF Report of Destruction Forms
- ATF National Firearms Situation Report and Briefing Paper
- Federal Protective Service Report of Incident
- DHS-FPS Contracts with Allied Universal Security Services and TW & Company, Inc.
- DHS-OIG Memorandum of Activity Reports
- ATF National Tracing Threat Assessment Report
- Vault Holding Reports for Narcotics Storage
- Letter from the United States Senate Homeland Security and Governmental Affairs Committee
- OIG Audit of ATF Controls over Weapons, Munitions, and Explosives from March 2018
- Northern District of West Virginia Judicial Documents on Christopher Lee Yates
- Western District of Pennsylvania Judicial Documents on Richard Adam Schreiber
- National Disposal Branch Working Group Action Plan
- ATF Major Inspection Team Report, Operating Plans, Briefing Paper and Exhibit List

Background

The National Firearms and Ammunition Destruction (NFAD) Branch

NFAD officially became a Branch within ATF's Asset Forfeiture and Seized Property Division (AFSPD), Office of Management (OM), in 2015 to streamline the disposal of firearms and ammunition slated for destruction by

both ATF and other federal agencies that previously handled their own firearms and ammunition destruction.³ According to the NFAD Standard Operating Procedures (SOP), the intended benefits of NFAD included a centralized location for destructions that could be completed in a timely manner, improved accountability and tracking, and cost savings that would benefit ATF and other Federal agencies. NFAD became responsible for overseeing the disposal of seized firearms that were not released to the owner, released to a third party, or forfeited to the government. On September 3, 2015, ATF's Office of the Director made it mandatory throughout ATF to use NFAD for all firearms destructions with only a few exceptions.

As early as September 2015, NFAD had an SOP in place describing the process, methods of disposal, and internal controls for firearm and ammunition destruction. NFAD was to work in conjunction with the Firearms and Ammunition Technology Division (FATD), the entity in charge of officially accounting for all ATF equipment, when requested to destroy excess/surplus ATF firearms. Generally, NFAD was expected to work with FATD to destroy ATF firearms, as long as the firearms contained property identification numbers (PIN) and could be accounted for in Sunflower, the ATF electronic property management system.

As agreements were established, NFAD began facilitating the disposal of firearms and ammunition for ATF, as well as other DOJ components and other federal agencies. On March 20, 2017, the U.S. Marshals Service (USMS) entered into a Memorandum of Understanding (MOU) with ATF in which the USMS transferred all custodial and disposal functions for firearms and ammunition seized through forfeiture by the investigative agencies within the DOJ Assets Forfeiture Program (AFP). In April 2017, ATF entered into similar MOUs with the Drug Enforcement Administration and the Federal Bureau of Investigation.

In October 2018, NFAD officially became the National Disposal Branch (NDB) with the expanded mission of disposing ATF's drug evidence.

The Old NFAD Building

The old ATF NFAD building was a temporary facility located at 5550 Winchester Avenue (Area J-K) in Martinsburg, WV, and opened in August 2014. According to DHS-Federal Protective Service (FPS) guard contract records, the temporary ATF building was not a GSA leased building but a building that ATF leased as a special purpose space for firearms and ammunition destruction from October 1, 2014 through November 2017. The ATF Physical Security Program set forth the physical security measures for the old NFAD building. All personnel and visitors were required to enter and exit through the front door (Area K). Entry and exit were prohibited through the door next to the loading dock (Area J), except for employees receiving deliveries or loading items at the dock. The building was a warehouse inside an industrial complex that was connected to other non-government businesses but not accessible to other businesses. (b)(6); (b)(7)(C) told us that when he first went out to see the building, he said, "we can't work in here. This is a disaster. I mean, there were holes in the walls, and it was just drywall. You could punch right through and get into the maintenance office and stuff."

According to (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) (b)(6); (b)(7)(C) the building had a video surveillance system and a perimeter alarm system, as well as one DHS-FPS contracted security guard on-site 24 hours a day. The contracted security guards had keys for all areas of the old NFAD building. The contracted security guards wore civilian clothing to not bring attention to the ATF facility and had a radio, phone, and shotgun. The cameras on site were only monitored by the guard on duty. There were three guard shifts (morning, afternoon, and night).

³ The Department of Justice Office of Inspector General, Drug Enforcement Administration, Federal Bureau of Investigation, US Marshals Service, Defense Investigative Service, and Nuclear Regulatory Commission have used NFAD in the past for destruction purposes.

Several ATF NFAD and FATD employees and contractors told the OIG that when the old building was first opened, it did not have internal fencing, cages, mesh, vaults, or a gun shredder. NFAD utilized metal containers to lock the firearms. NFAD personnel wanted to separate NFAD items from FATD items. Thus, the facility eventually installed cages with racks and a chain linked fence with padlocks for FATD. The FATD firearms were usually placed in metal containers and secured with two padlocks behind the chain linked fence, but many times cardboard boxes were used instead of the metal containers because of the quantity of weapons. The FATD weapons were either being evaluated for potential official reuse or were awaiting destruction. The ATF contracted guards had access to the keys for this padlocked fenced area where the FATD weapons were kept, because there were times when (b)(7)(E) would deliver FATD firearms on the weekends and the guards were asked to bring the pelican shipping cases (i.e. shipping containers that can be locked with a padlock or other type of lock and are used to transport sensitive items) containing the FATD firearms to this area. The security guards had near universal access to the entire collection of FATD weapons and easy access to any weapons stored in the cardboard boxes.

The New NFAD Building

The new NFAD building (b)(7)(E) was built in August 2017 (b)(7)(E)

(b)(7)(E) As of September 2017, the new NFAD building had a (b)(7)(E)

(b)(7)(E) and contracted security guards through DHS-FPS that patrol (b)(7)(E) including the new NFAD building. The contracted security guards were in the new NFAD building

Monday through Friday from 6:00 a.m. to 6:00 p.m. According to (b)(6); (b)(7)(C) (b)(7)(E)

(b)(7)(E)

There were (b)(7)(E) contract post positions at NTC during the week for security guard coverage. During the weekend, there were (b)(7)(E) security guards working at NTC; (b)(7)(E)

(b)(7)(E) The roles and responsibilities of the guards at the complex were patrol and response, visitor processing, access control, screening, and control center operations. (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

(b)(6); (b)(7)(C); (b)(7)(E)

The new NFAD building had a gunbuster shredder and an industrial alligator shear machine located inside. The gunbuster shredder, which was utilized to destroy handguns, (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

The industrial alligator shear machine, used to destroy rifles and other long guns, arrived in October 2017 and was located next to the gunbuster shredder. The alligator shear machine also acted as a backup means of destruction for handguns.

(b)(7)(E)

History of NFAD Destruction Operations

Destruction of firearms at the old NFAD building started in approximately December 2014. The OIG interviewed employees from the old NFAD building who recalled problems with the design and operations of the old NFAD building and complained about not having enough resources. However, these employees told us that they were not concerned about security at the old NFAD building, because there was always an armed contracted guard on duty. (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) told us that most requests by staff early on for security vaults, security lids, and shredding tools were denied as unnecessary because the ATF's Office of Management believed the old NFAD building would only be open for six months on a temporary lease. However, the old NFAD building was used for an additional three years.

There were several evolutions in the destruction process. NFAD employees interviewed by the OIG stated that they initially bought their own equipment, like chops saws and screw drivers, to destroy the firearms at the old NFAD building, because they were not receiving enough funding. Eventually, ATF bought more chop saws. However, cutting the weapons with chop saws was dangerous and smoky, and neighboring businesses started to complain. NFAD employees told the OIG that due to the electrical service being insufficient, extension cords were run through the ceilings and employees had to stand by the breaker boxes to reset them, since the equipment would trip the breakers. The employees stated that eventually, they were told to stop cutting the parts and to only cut the receiver or frame since that was the only part of the weapon that was legally considered to be the firearm. ATF's policy did not specify that ATF needed to destroy all parts of the firearm.

The cut receivers and frames as well as the intact firearm parts were then taken by ATF to Conservit, a scrap metal recycling vendor in Hagerstown, Maryland (MD), to be destroyed by Conservit's machines.

ATF's firearm destruction program grew into a National Program, and in March 2015 the old NFAD building received a gunbuster shredder from the American Pulverizer Company. After receiving the shredder, ATF changed the process such that the employees put the entire intact weapons through the gunbuster shredder. Due to the increasing volume of weapons being destroyed, the teeth of the shredder eventually wore down and the machine started to jam. The wear and tear on the shredder continued to worsen and the gears on the shredder were overheating which slowed down the process.

According to documents we reviewed, after approaching over 12,000 weapons destroyed, the gunbuster shredder required maintenance and NFAD requested money from AFSPD OM chiefs to replace the cutters and spacers. However, NFAD employees told us that the funds did not arrive for almost a year, so the employees continued utilizing the failing shredder. NFAD employees told the OIG that they were told to remain operational until the new building was opened, so the employees devised a method to allow the machine to operate longer and minimize the cost to the agency. This method involved the employees disassembling the firearms again and removing the barrels, slides, and cylinders prior to using the machine to only destroy the frames. The intact barrels, slides, and cylinders, were separately placed in the destroyed bin before the bins were sent to the scrap yard.

In early 2017, NFAD employees also proposed to AFSPD OM chiefs in a white paper report the purchase of an industrial alligator shear to go along with the shredder. The report said that after shredding approximately 15,000 firearms in the first eighteen months of operation using the gunbuster shredder, ATF would, in the future, need to have the shredder's cutters repaired due to "wear and tear" from routine operation. The cost of repairing the shredder, including the new cutter assembly and the installation and repair of the existing cutters, was approximately \$16,000. With ATF's expanded mission to destroy firearms for other DOJ agencies that seize firearms, the employee proposed that ATF should purchase an alligator shear to go along with the gunbuster shredder.

The gunbuster shredder eventually broke in June 2017 and was sent for repairs to American Pulverizer Co. in St. Louis, Missouri. Between June 2017 and August 2017, NFAD was operating without a shredder, so, during that time, NFAD employees sent intact weapons to Conservit to be destroyed. However, NFAD and FATD employees told the OIG that during these months Conservit frequently turned ATF destruction shipments away, for different reasons, and often with minimal notice. Both NFAD and FATD employees recalled being turned away by Conservit more than six times because the volume ATF was sending became an inconvenience to Conservit, taking up much of their time and causing wear and tear on their machinery. These employees told the OIG that Conservit declined to provide services to ATF in favor of more profitable clients. Despite the fact that NFAD now had no reliable way to destroy the weapons, the old NFAD building remained open and weapons continued to arrive.

NFAD and FATD employees also told us that the weapons that were turned away by Conservit were not put back into locked containers once they returned to the old NFAD building, because they had already been inventoried and palletized. Instead, they were stored on the floor in large cardboard boxes sealed with evidence tape, and placed in front of the camera so that guards could watch over them until a destruction run to a scrap yard could be scheduled. Some employees recalled banding and sealing the pallets (which could hold six large boxes) with shrink wrap. Several employees estimated that more than 1,000 firearms could have been left out unsecured over the weekends in this manner. The employees also told the OIG that NFAD and FATD did not conduct another inventory of the weapons prior to sending the weapons back to Conservit or to another scrap yard.

Eventually, ATF tried new scrap vendors — Allegany Scrap Metal in Cumberland, MD and Winchester Metals in Winchester, VA — to remove the backlog of weapons before the transition to the new NFAD building.

In August 2017, the shredders of the gunbuster shredder were replaced and it was immediately transferred to the new NFAD building, which opened that same month. The industrial alligator shear machine then arrived at the new building in October 2017, to be used for the long guns and rifles.

At the new NFAD building, the firearms recovered in criminal investigations or received from other DOJ components were shipped by (b)(7)(E)

(b)(7)(E) NFAD employees then broke down and disassembled the weapons while inventorying them in the NFAD caged area prior to destruction. NFAD employees verified (b)(7)(E) from other DOJ components as having been successfully transferred to ATF prior to disposal in the consolidated asset tracking system (CATS), which is a national, centralized asset forfeiture database for the government. The NFAD employees verified seized firearms in NFORCE, which is ATF's electronic case management system's seized property module. ATF would notify the non-ATF agency if discrepancies in identifying information were noted during the inventory process. According to NDB personnel, the majority of weapons arriving to NFAD directly were destroyed the same day. The firearms that were in the process of being destroyed were kept in a silver safe (space saver vault) to which only ATF employees, not contracted guards, were supposed to have access.

(b)(7)(E) where the firearms were inventoried on an ATF Property Transfer Transaction Record (1851 form), disassembled (slides and barrels were removed from the frame and put in separate boxes), and stored in an arms room that required a PIV card and electronic access by the armorers. At the time of transition to the new building, FATD started receiving mostly old duty Glock 22s and Glock 27s from the ATF field offices and stripping them down. Once the FATD firearms were received, the armorers or ordnance equipment specialists would create a Report of Destruction or Report of Disposition for Excess Personal Property (both abbreviated to ROD). Once the ROD was approved, the firearms and parts were transferred from the FATD arms room to the chained and locked FATD cage in the NFAD building, apart from the NFAD cage. Everything in FATD custody was inventoried in Sunflower, ATF's database system. The destruction was coordinated with NFAD employees who operated the gunbuster shredder. However, there was no determined timeframe on how long the parts could stay in the caged area before they were destroyed by the gunbuster shredder and then taken to the scrap yard.

When the firearms were ready for destruction, both FATD and NFAD employees worked together to place the slides and barrels from the firearms into the two large plastic shredding bins, lined with white bags, that were already under the gunbuster shredder and alligator shear. The FATD and NFAD employees tried to evenly disperse the slides and barrels between both bags under the two machines to help with the weight of the bags. The frames and magazines of the firearms were then put through the gunbuster shredder, falling into the same large plastic bins holding the slides and barrels. The long guns were chopped and put through the alligator shear, without first separating the parts. The tops of the shredding bins for the gunbuster and alligator shear at the new NFAD building were not secured with a lock overnight and parts remained readily accessible to both employees and contractors, including contracted guards.

Once the bags in the bins were close to capacity, they were sealed, banded, or zip-tied on a pallet, and moved by forklift to be stored on a steel wall rack or shelf at the side of the warehouse. The bags were estimated to hold 3,500 pounds each, but were typically moved at 1,600 pounds so they could be lifted onto the truck. Once there were four pallets stored on the shelf, they were put on the truck and brought to scrap yards in Winchester, VA or Cumberland, MD, where NFAD or FATD employees witnessed the destruction. The bags of

firearm parts were placed in a car and crushed vertically and horizontally by a compactor several times, eventually becoming a shredded chunk of metal. Although the transport truck would sometimes drive over a scale at the scrap yard upon entering and exiting, the bags were not individually re-weighed at the scrap yards before they were destroyed. The ROD forms were then finalized and signed-off as destroyed and updated in Sunflower, CATS, or NFORCE.

NFAD employees told the OIG that they had no concerns about the process at the new NFAD building at the time, because the new NFAD building was secure and everything was brought to the scrap yard to be further crushed. Several ATF employees interviewed by the OIG noted that the parts and pieces were not as important to ATF as the whole firearms, because the parts and pieces were not considered firearms.

NFAD Ammunition and Narcotics

NFAD also coordinated the disposal of seized ammunition, although ATF contracted with a third-party vendor for the actual destruction of seized ammunition. In late 2014, the contractor, Heritage Disposal in Nebraska, was not able to continue disposing ammunition, so ATF mandated all ammunition be sent to the old NFAD building. Employees said there were massive amounts of ammunitions of all different types being shipped into the old NFAD building. The different types of ammunition were mixed together in wooden cases, boxes, and blue barrels, and put on pallets until ATF could find a new contractor for disposal. The ammunition was not inventoried, but some estimated the ammunition to be well over 12,000 pounds. The ammunition was unsecured and easily accessible at the old NFAD building for many months.

According to the March 2018 OIG Audit of ATF Controls over Weapons, Munitions, and Explosives, the OIG found that ATF did not fully comply with ATF policies regarding ammunition record-keeping, and did not accurately or consistently track movement of its ammunition. The OIG further found that strong controls over ammunition, which is considered a sensitive item per ATF policy, required an inventory management system that maintained accurate, current, and historical data. This included tracking product movement – that is, increases and decreases in inventory and the reason for the changes in quantity – over time. In addition, ATF marked ammunition as destroyed in N-Force once it was placed in a disposal bag, but before receipt at the appropriate disposal facility for destruction. In response to the audit, ATF purchased lockable ammunition boxes for the purposes of storing and securing seized ammunition and placed them in the inner evidence vault at the new NFAD building.

The OIG was made aware during interviews of NFAD personnel that NFAD received narcotics in addition to weapons. In approximately August 2018 at the new building, NFAD started receiving seized drugs no longer needed for investigations. In October 2018, NFAD officially became the NDB with the expanded mission of disposing ATF's drug evidence.

(b)(7)(E)

The information on the drug verification form was logged in a log-book and the N-Force system, and the box went into a locked locker labeled as "Narcotics." (b)(7)(E)

(b)(7)(E)

(b)(7)(E)

No employees believed Yates accessed the drug locker because there were only two keys and the agents had possession of both keys for the locker.

The OIG was told by ATF personnel that there were multiple full inventories (including drugs) completed after ATF learned that Yates had stolen property from the new NFAD building. We were told that the NDB program managers conducted an inventory in around late February or early March 2019, but ATF could not provide any inventory forms or other proof that drugs were inventoried. Additionally, from March 11 through May 3, 2019, a Major Inspection Team (MIT) convened by ATF conducted a weapon inventory of the entire NTC including the new NFAD building but the report did not mention any inventory or the presence of narcotics. The new NDB team also did a weapon inventory upon their arrival in late 2019, but again, there was no documentation of narcotics being present or inventories. The only information the OIG received concerning narcotics inventories was vault holding reports for narcotics storage from August 1, 2019 through September 12, 2019.

Christopher Lee Yates stole and sold firearms, firearm parts, and ammunition from NFAD

The information provided to the OIG alleged that on February 9, 2019, the PPD recovered a "Ghost Gun," also known as a "Polymer 80%" receiver, after a traffic stop. The pistol upper receiver (slide) and barrel had serial numbers that were traced back to the ATF destruction building and were part of a former ATF duty firearm that, according to ATF records, had supposedly been destroyed in December 2018.

To determine the origination of the firearm kit that comprised the weapon, PPD and ATF coordinated with the Pennsylvania (PA) Attorney General's Office Gun Violence Task Force (the Task Force). The Task Force informed PPD and ATF of a social media post by an individual with a Federal Firearms License (FFL) advertising selling "80% Glock Kits" at a recent gun show in Phoenixville, PA. The Task Force conducted surveillance of the gun show and determined that members of the 27th Street Gang had made purchases from the FFL. On February 26, 2019, ATF interviewed the FFL, who said he was purchasing the slides, barrels, and springs from a male in PA identified as Richard Adam Schreiber who was advertising on eBay. On February 27, 2019, Schreiber was interviewed by ATF and said that for approximately two years, he had been buying firearm parts from a person in WV named "Chris Yates." A search of personnel revealed Yates was a DHS FPS contracted guard for Allied Universal Security at the ATF NTC and NFAD located in Martinsburg, WV.

Relevant Authorities

Theft of Government Property (18 U.S.C. § 641)

According to 18 U.S.C. § 641, "Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any record, voucher, money, or thing of value of the United States or of any department or agency thereof, or any property made or being made under contract for the United States or any department or agency thereof; or Whoever receives, conceals, or retains the same with intent to convert it to his use or gain, knowing it to have been embezzled, stolen, purloined or converted [s]hall be fined under this title or imprisoned not more than ten years, or both."

Sale and Possession of Stolen Firearm (18 U.S.C. §§ 921(a)(3), 922(j), and 924(a)(2))

According to 18 U.S.C. § 922(j), "It shall be unlawful for any person to receive, possess, conceal, store, barter, sell, or dispose of any stolen firearm or stolen ammunition, or pledge or accept as security for a loan any stolen firearm or stolen ammunition, which is moving as, which is a part of, which constitutes, or which has been shipped or transported in, interstate or foreign commerce, either before or after it was stolen, knowing or having reasonable cause to believe that the firearm or ammunition was stolen." For purposes of this statute, a firearm means "(A) any weapon (including a starter gun) which will or is designed to or may readily be converted to expel a projectile by the action of an explosive; (B) the frame or receiver of any such weapon; (C) any firearm muffler or firearm silencer; or (D) any destructive device." 18 U.S.C. § 921(a)(3). According to 18 U.S.C. § 924(a)(2), a person who knowingly violates this provision shall be fined, imprisoned not more than 10 years, or both.

Possession of Unregistered Firearm (26 U.S.C. §§ 5841, 5845, 5861(d), and 5871)

Pursuant to 26 U.S.C. § 5861(d), it is "unlawful for any person to receive or possess a firearm which is not registered to him in the National Firearms Registration and Transfer Record." The National Firearm Registration and Transfer Record is created by 26 U.S.C. § 5841, which provides for a "central registry of all firearms in the United States which are not in the possession or under the control of the United States." Pursuant to 26 U.S.C. § 5845, the definition of a firearm that must be registered under federal law includes a "machine gun," which is defined as "any weapon which shoots, is designed to shoot, or can be readily restored to shoot, automatically more than one shot, without manual reloading, by a single function of the trigger." The definition also includes shotguns and rifles of specific lengths and silencers. According to 26 U.S.C. § 5871, a person who violates 26 U.S.C. § 5861(d) shall be fined not more than \$10,000, imprisoned not more than 10 years, or both.

ATF's First Interview of Yates

On February 27, 2019, Yates was voluntarily interviewed by ATF at his residence in Martinsburg, WV, and admitted that he was removing slides and firearm parts out of a large square bin lined with a white bag, which he considered trash, from the new NFAD building. Yates acknowledged that he was employed as a contracted security guard for 16 years and that some of his work hours were when no NFAD employees were present. Yates told ATF that all the different gun parts (slides, receivers, magazines) were put in the same bin and that he had taken over 200 firearm parts from NFAD over two years. Yates stated that he understood that sometimes slides and other parts would make it through the teeth of the destruction machine without being destroyed, so he would look through the bin for useable slides and parts. Yates admitted that he then placed the firearm parts in his backpack to conceal the parts before leaving the facility. Yates stated that he knew NFAD employees

(b)(7)(E)

Yates said he was aware that ATF was transitioning from the Glock 22s and Glock 27s to the Glock 19 as its duty weapon in late 2017 and early 2018, which led to an increase in weapons and parts coming through the new NFAD building. Yates said that, in addition to Glock slides, he took slides manufactured by other companies as well. Yates said he talked to ATF employees about the destruction process and knew there was another part of the process with parts being shipped out to a third party to be further crushed and melted down. According to ATF's interview report, Yates referred to his behavior as "like going out and picking up rocks." Yates admitted he never requested authorization from anyone at ATF to remove the firearm parts from the new NFAD building.

Yates acknowledged that he was selling and transferring the weapon parts he took from new NFAD building to Schreiber in MD for at least the last two years and said he first met Schreiber on Facebook. Yates said Schreiber knew he was a security guard, but Yates said that he did not recall whether he ever told Schreiber that he worked for ATF. According to Yates, Schreiber said he would take anything that Yates could get his hands on. Yates gave an example of collecting 57 Glock magazines and selling them to Schreiber for \$3 to \$5 dollars per magazine. Yates said Schreiber later began paying him \$10 to \$20, and eventually \$35, per slide.

Yates told ATF that he met Schreiber at a flea market in Hancock, MD, once a week or every few weeks, and visited Schreiber's residence three to four times in PA in order to sell him the parts. Yates estimated that he took 3,000 slides from the new NFAD building to sell to Schreiber. He further stated that he sold only his personal ammunition to Schreiber. According to Yates, Schreiber helped Yates set up his PayPal account, and most of their communication was by phone. Yates said he last saw Schreiber on Monday, February 25, 2019, in Hancock, MD, when he gave Schreiber 30 to 40 Glock 22 and 27 slides. Yates said he thought Schreiber was passing or selling the slides to his friends. Yates told the ATF that he did not take any frames because he knew they were traceable, but he did not know that the slides were traceable as well. Yates estimated that he had made a total of between \$20,000 and \$30,000 in profit from the sale of the firearm parts he sold to Schreiber. Yates stated that he did not sell the parts to anyone else but Schreiber.

Yates said he was not aware of anyone else selling stolen items from NFAD but knew that employees at ATF would use items left behind for things such as plaques and trinkets. Yates claimed that (b)(6); (b)(7)(C) would say that anything in the trash was "fair game."

(b)(6); (b)(7)(C) told the OIG that over the years FATD gave away hundreds of "tech cases" that were going to be discarded and that ATF employees and contractors at NTC would regularly take wooden pallets and empty gun cases from the trash dumpsters outside the NFAD facility. (b)(6); (b)(7)(C) denied giving anyone on the grounds permission to take anything inside the NFAD facility.

During this interview, there was no discussion of Yates's crimes committed at the old NFAD building.

OIG Review of Surveillance Video

An OIG review of NFAD surveillance video of multiple days in February 2019 captured Yates entering the new NFAD building with a backpack hidden under his jacket. He can be seen on video operating a forklift to maneuver the shredding bin that is normally under the gunbuster shredder away from the gunbuster shredder, taking gloves from a workbench, searching through the shredding bin, and driving the shredding bin back directly under the gunbuster shredder, before departing the destruction facility with the backpack under his jacket. The times and dates that Yates was seen entering the new NFAD building on surveillance correlated with his key card access records.

ATF's Second Interview of Yates

On February 28, 2019, Yates waived his Miranda rights and agreed to a second interview by ATF, this time at the ATF Martinsburg Field Office. On the drive to the field office, Yates made the following unprompted spontaneous statement to an ATF agent, "I guess money was tight and I seen [sic] it as easy. I had to work for it and dig through the crap. I should have known something was up when they started throwing everything on top." When questioned if there were more individuals involved, Yates said, "I can't blame anybody but me for this."

During the second ATF interview, Yates stated that he began taking firearm parts when he worked the night shift at the old NFAD building. Yates stated, "stuff was everywhere and out in the open" at the old NFAD facility. He told ATF that he began selling scopes, little parts, bolt carriage groups, or any other usable parts he could find, while he was alone on the night shift. Yates indicated that he started stealing parts at the new NFAD facility, after ATF transferred facilities and the parts were left in the recycle bin instead of being left out in the open. Yates said that he cut himself numerous times digging through the parts and equated it to "dumpster diving" as a kid, not knowing what you might get. Yates explained he knew the destruction process but never observed it and would only take parts afterhours. Yates stated, "I figured they [ATF] wouldn't like it if they had known, but personally I felt like it was considered a recyclable, they were gonna [sic] melt them down and they don't even collect money for it." Yates told ATF that he was the only one involved in the theft scheme. In addition, he admitted that the number of parts he stole was probably higher than his original estimate of 3,000 slides.

Yates told ATF that he knew about the Glock transition from speaking with employees and reviewing information on the ATF Connect website, which was available to all ATF employees and contractors. Yates estimated he took 25-30 Glock slides at a time, but his actions were dependent on what was processed and left unsecured by NFAD on Fridays. Yates said that he also taught himself how to operate the forklift which he sometimes utilized to remove the parts bin (b)(7)(E)

Yates said Schreiber would pay for anything, was very knowledgeable about firearms, and suggested meeting at the flea market in MD to conduct their business. Yates believed their first deal was for ten items and then it "snowballed from there." According to Yates, Schreiber informed Yates that Glock 27 slides were going for \$40, which was better than the Glock 22 slides going for \$20. Yates said that towards the end of year, Yates would bring 60 to 70 Glock slides or 100 slides and magazines of all makes and models to Schreiber. Schreiber would always pay Yates in cash or through PayPal. Yates stated he checked with employees to know what serial number mattered the most for tracing, and he was informed it was the serial number on the frame or receiver. Yates said that based on this information he never took frames or receivers that made it through the crusher.

Yates stated during the second ATF interview that his motivation for the theft was that he needed money to pay for medical insurance. He stated that he also used the money to play poker at Hollywood Casino in Charles Town, WV. Yates added that he made approximately \$70,000 from his dealings with Schreiber.

Search Warrant and Arrest

Following the interview on February 28, 2019, ATF executed a federal search warrant at Yates's residence and located over \$1,000 in government property that Yates stole from NFAD and converted to his personal use. The property included pistol magazines, assault rifle and AK style upper receivers, a Glock sub-compact pistol frame and barrel, multiple rifle scopes and sights, two black Glock pistol boxes containing ATF PINs, and ammunition. Yates pointed out to the agents items that he had stolen from NFAD. Yates was then placed under arrest on a federal arrest warrant from the Northern District of West Virginia (NDWV) for theft of government property, 18 U.S.C. 641. Yates was also terminated from the contract company, Allied Universal Security Services.

Processing of Yates and Search of His Vehicle

On March 1, 2019, ATF assisted the United States Marshals Service with the processing of Yates. Yates was informed that he was still under his Miranda waiver previously administered and agreed to speak with ATF a third time. Yates told ATF that three stolen firearms from the old NFAD building were in his 2017 Toyota Tacoma that was seized after his February 28 arrest, and provided written consent for ATF to search his vehicle.

Yates explained that he was on the night shift at the old NFAD building when he stole the three firearms, and these firearms were going to be shipped out for destruction. The consensual search of Yates's vehicle found a green and black book bag on the front passenger seat floorboard containing four firearms: an FN Model P90 (5.7x28) caliber machinegun, a Ruger Model Mark 1 .22 caliber pistol, a Keltec Model PMR 30 .22 magnum, and an FNH Model Five-Seven (5.7x28) caliber pistol. In the console, additional firearm magazines, ammunition, and \$600 cash were recovered. The glovebox contained another FNH Model Five-Seven (5.7x28) pistol and an additional loaded magazine.

Yates also disclosed to ATF that he recently moved pistols and ammunition to the basement (b)(6); (b)(7)(C). (b)(6); (b)(7)(C) He advised ATF that the barrels of ammunition from the old NFAD building were stored in suitcases in (b)(6); (b)(7)(C) ATF later received written consent from (b)(6); (b)(7)(C) to (b)(6); (b)(7)(C) and recovered thousands of rounds of ammunition that were later determined to have been stolen and multiple weapons. (b)(6); (b)(7)(C) he had purchased or been given firearms in the past by Yates but had no knowledge of any theft.

ATF traced the serial numbers of the weapons found in the vehicle and determined that one of the FNH Model Five-Seven (5.7x28) caliber pistol was ATF property. According to ATF's records, this pistol was supposedly destroyed at NFAD on August 16, 2017. According to a March 4, 2019 Affidavit in Support of a Criminal Complaint against Yates, ATF confirmed, based on an inspection and testing of the FNH Model Five-Seven (5.7x28) caliber pistol, that it was operable and met the definition of a firearm. In addition, Yates later admitted, as part of the factual statement in support of his guilty plea, that the FN Model P90 machinegun was a fully automatic firearm that "shoots, is designed to shoot, or can be readily restored to shoot, automatically without manual reloading, by a single function of the trigger." The characteristics of this weapon qualified it as a machine gun, which was required to be registered pursuant to the National Firearms Act.⁴ The OIG determined that this machine gun was one of 179 FN P90s acquired by ATF on June 9, 2014 from the DHS Immigration and Customs Enforcement (ICE) and stored at the old NFAD building. These machine guns were transferred to ATF NFAD as a surplus item and intended to be distributed to field offices with a need or eventually destroyed.⁵

OIG Interview of (b)(6); (b)(7)(C) Regarding How the FN Model P90 Machineguns Were Stored at the Old NFAD Building

In an interview with (b)(6); (b)(7)(C) the OIG learned that for the first three to six months at the old NFAD building, FATD had almost two pallets of compact submachine guns (FN P90's) from DHS that were not in cages or behind locked gates. The FN P90s were eventually placed in large, lockable containers with serialized seals on the locking points in a caged area (b)(6); (b)(7)(C) recalled inventorying the two pallets of FN P90s. He stated that they took the pallets "down off of the top rack behind our little caged area . . . pop[ped] the seals," inventoried the items, and determined that "everything is in there." (b)(6); (b)(7)(C) told the OIG that after the inventory, he and his colleagues closed, but did not reseal, the pallets. He stated, "We close it, we didn't reseal it. But we put it back. Okay we have it inventoried for destruction. We set it back in our little cage area." (b)(6); (b)(7)(C) further stated that he and his ATF colleagues returned on Monday to load the pallets of FN P90s on a 26-foot-long box truck from DHS and then delivered the pallets of FN P90s to the scrap yards in Cumberland, MD, at approximately 3:30 or 4:00 a.m. on Tuesday. ATF did not conduct another inventory of the FN P90s between the original inventory on Friday and Tuesday when they were taken to the scrap yards, even

⁴ Pursuant to 26 U.S.C. § 5845, the definition of a firearm that must be registered under federal law includes a "machine gun," which is defined as "any weapon which shoots, is designed to shoot, or can be readily restored to shoot, automatically more than one shot, without manual reloading, by a single function of the trigger."

⁵ The other items discovered in Yates's vehicle, including the other three weapons, were not traced back to ATF. Yates purchased the Keltec Model PMR 30 .22 magnum in March 2017 at the Berkeley Springs Trading Post in WV.

though they were in unsealed pallets in a caged area at the old NFAD building during the weekend before they were loaded on the delivery truck. (b)(6); (b)(7)(C) stated, "And then that P90 was the main one that was recovered. I said well I know where that thing was, it basically narrows down the window of opportunity for [Yates] to snatch it over the weekend." As a contracted security guard, Yates had access to the unsealed containers in the caged area where the FN P90s were kept during his weekend shift.

Yates's (b)(6); (b)(7)(C) Second Arrest, and Additional Search Warrant

On March 1, 2019, Yates was released on conditions set by the court. ATF was also informed that (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C) Yates could return home per the court order.

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

After leaving the residence, ATF returned a short time later with an arrest warrant for Yates related to Yates possessing the NFAD firearm (stolen machine gun) that was recovered from his vehicle a few days earlier.

On March 6, 2019, ATF executed a federal search warrant at the residence of (b)(6); (b)(7)(C) and seized approximately 45 firearms, firearm parts, ammunition, and \$39,620 cash. The cash was found inside an empty handgun box along with three rifles in a locked safe bolted to the wall within a locked closet in the basement. (b)(6); (b)(7)(C) said that on March 2, 2019, he threw boxes and rifles that were left at his house into the safe, so Yates would not be in violation of his pre-trial release. (b)(6); (b)(7)(C) denied knowing anything about the cash. The firearms seized by ATF on March 6, 2019 were not traced back to the ATF.

ATF conducted voluntary interviews of (b)(6); (b)(7)(C) all denied knowledge of Yates's scheme, and Yates denied that he told (b)(6); (b)(7)(C) about his scheme. No other evidence was found to indicate (b)(6); (b)(7)(C) assisted or knew about Yates's illegal activities.

Yates's Indictment

On March 19, 2019, Yates was charged with one count of Sale of Stolen Firearm in violation of 18 U.S.C. §§ 922(j) and 924(a)(2); one count of Possession of Stolen Firearm, in violation of 18 U.S.C. §§ 922(j) and 924(a)(2); one count of Possession of Unregistered Firearm, in violation of 26 U.S.C. §§ 5841, 5861(d) and 5871; and one count of Theft of Government Property, in violation of 18 U.S.C. § 641, by a federal grand jury in the NDWV. According to the Indictment, Yates knowingly stole, possessed and sold firearms, firearm parts, and ammunition valuing more than \$1,000 from the ATF's NDB, and shipped and transported them in interstate commerce. In addition, the Indictment stated that the government would seek forfeiture of property involved in the violations, as part of the sentence imposed in the case. Yates failed to appear on March 20, 2019 for his initial appearance but later turned himself in on March 21, 2019.

Yates's Guilty Plea

On April 24, 2019, Yates pleaded guilty to one count of Possession of Stolen Firearm and one count of Theft of Government Property in the NDWV and was released to house arrest. According to the factual statement in support of the guilty plea, Yates admitted to stealing at least 3,000 Glock slides from NFAD. He admitted that he entered the building before other employees arrived and searched for, and took without permission,

firearm parts that were the property of the federal government for the purpose of selling them for his personal gain. Yates further admitted that he sold the Glock slides for approximately \$30 each and the Glocks were resold at a market price of approximately \$100 each. In addition, the factual statement in support of the guilty plea states that, "ATF recovered over 4,000 firearm parts including slides, scopes and magazines that traced back to NFAD during the time that Yates was employed there and admits to stealing items."

According to the factual statement in support of the guilty plea, between 2016 and 2019, Yates sold firearms, firearm parts, and ammunition to Schreiber, a resident of Bedford, PA. The factual statement further states that, "Schreiber stated he received 15 rifles, at least 80 handguns including 40 to 50 SIG Sauer pistols, which were ATF duty weapons, and 30 revolvers, some of which were Smith & Wesson Model 640s, another older ATF duty weapon, and 10 to 15 AR-style lower receivers. Four of the stolen firearms Yates sold to Schreiber were fully automatic machine guns. Yates also sold Schreiber bulk amounts of ammunition stolen from NFAD." In addition, Yates admitted that he stole 31 firearms from NFAD that were traced back to prior criminal investigations that had been sent to NFAD to be destroyed, and that nine of these stolen firearms had characteristics requiring them to be registered under the National Firearms Act, yet he did not register them. Further, Yates admitted that in or around February 2017, he sold a stolen SIG Sauer, Model P229, .40 caliber pistol for \$300 and a Springfield Armory, model Tactical 1911 AI handgun, which had been recovered in a criminal investigation in Pensacola, Florida, for approximately \$450 to a contract maintenance worker at NFAD.⁶ Finally, the factual statement included an admission that ATF recovered over \$1,000 of government property from Yates's residence, as well as two stolen firearms – a pistol and a machine gun – from his vehicle.

Government Proffer Session with Yates to Assist with Additional Aspects of Investigation

On May 14, 2019, the U.S. Attorney's Office and ATF met with Yates and his counsel for a proffer at the Martinsburg ATF Field Office so that Yates could assist with the investigation in recovering parts and weapons. For the first time since being interviewed, Yates said that Schreiber knew he was taking the guns from ATF. Yates stated during the proffer that he believed his theft started in 2016 at the old NFAD building with small parts (scopes, slides, magazines) and grew to include weapons. Yates said that the parts "were just lying there." He stated, "I found them in desks, on top of desks, different parts. They [the parts] were just everywhere." For most of the proffer, Yates said he only took firearms from the old NFAD building on two weekend days during which four unsealed bags were left on the floor, and which were part of a large confiscation of weapons in a criminal case. Yates said that during these weekend days, there were skids and containers of guns laying out. Yates said he could not quantify the amount of weapons he stole but said that each time he stole items they filled up a duffel bag. He estimated that he stole 40 to 50 guns, 10 to 20 rifles, two PS-90s, and two silencers, among other things. Yates said that he just walked out the front door at the old NFAD building to his Dodge Dakota vehicle with a duffel bag full of weapons (pistols, revolvers, and long guns) and put them in his trunk and backseat.

Regarding ammunition, Yates said that at the old NFAD building all kinds of ammunition would arrive in big blue barrels and he would sort through them and walk out with boxes, bags, or containers of ammunition to his Dodge Dakota about once a week. Yates could not quantify how much ammunition he stole from the old NFAD building, but said he stole "a lot" and some boxes could be as much as 1,000 rounds.

⁶ The contract maintenance worker stated that he was not aware that the items he purchased from Yates were stolen, and there were no criminal actions against the contract maintenance worker in connection with these purchases.

Yates said the security cameras did not work half the time at the old NFAD building and nobody was working during his shift from 6 am to 2 pm on the weekends. Yates referred to himself like being “a kid in the candy store” in trying to justify his actions. Yates described how easy it was for him to steal these items, indicating that he could have stolen even more items. He stated, “I could and I’m not exaggerating, I could have picked up that skid of guns, opened the door, loaded them right on my truck and drove off, went and delivered them, come back load another one, but I wasn’t in it for the money.” After being challenged about his statement that he was not “in it for the money,” Yates admitted he stole the firearms and ammunition for the money, but stated, “yeah, but I didn’t try to maximize, which I could have.”

After a break in the interview and being confronted with six destruction dates on 04/27/17, 5/19/17, 8/16/17, 8/21/17, 9/19/17 and 6/20/18, Yates changed his story and admitted that there were not just two days when he stole full guns. Yates said, “I was thinking the bigger picture was what I was telling you was the two days. But now that I’m looking back there was a push cart that had guns on the top and guns on the bottom and there was [sic] other occasions that I had taken a gun or two off those. With all the stuff that I’d taken, I just overlooked it.” Yates stated that there were probably three or four days that he took intact firearms. He explained, “they would sign the guns in, put them on a tray and wheel them to the back and I guess at the end of their shift they probably just left them and I do remember going through those and thinking to myself, these are probably already slated for destruction. Already written down, so after the blow-up and it’s my fault, I did have those flashbacks of taking those extras, so now as far as the exact days, I don’t know, but I do remember that and that was a separate incident from the big batch that I had, so I do apologize for that.” At that point, the proffer was stopped because Yates was not forthcoming about all his activities.

Yates’s Sentencing

On August 26, 2019, Yates was sentenced to 14 years of incarceration for possession of a stolen firearm and theft of government property in the NDWV. The judge also ordered a money judgment in the amount of \$300,000.

Additional Discovery Following Yates’s Sentencing

Following Yates sentencing, an FATD slide was discovered by law enforcement in connection with a Philadelphia homicide. On September 17, 2019, the Philadelphia police responded to a shooting and found someone suffering from a gunshot wound who subsequently was pronounced dead. On September 29, 2019, officers arrested the suspect and searched his vehicle and found a .40 caliber Polymer 80 equipped with a Glock 27 slide bearing a serial number. On October 7, 2019, the trace results on the slide serial number determined that it was property of ATF that had been stolen from the new NFAD building. The Glock frame for this slide was found at the new NFAD building but was not yet put on a destruction list to be destroyed.

Conclusion

Yates’s criminal conviction established beyond a reasonable doubt that Yates committed the criminal conduct described in the factual statement in support of his guilty plea. The OIG defers to DHS OIG to make any appropriate administrative findings against Yates, given that he was a DHS contractor.

Richard Adam Schreiber knowingly purchased stolen firearms, firearms parts, and ammunition from Yates and then sold them all over the country

The information provided to the OIG alleged that on February 9, 2019, the Philadelphia Police Department recovered a "Ghost Gun" also known as a Polymer 80% receiver after a traffic stop. The pistol upper receiver (slide) and barrel had serial numbers that were traced back to the new NFAD building and were part of a former ATF duty firearm that, according to ATF records, was supposedly destroyed in December 2018.

To determine the origination of the firearm kit that comprised the weapon, PPD and ATF coordinated with the Pennsylvania (PA) Attorney General's Office Gun Violence Task Force. The Task Force informed PPD and ATF of a social media post by an individual with a Federal Firearms License (FFL) advertising selling "80% Glock Kits" at a recent gun show in Phoenixville, PA. The Task Force conducted surveillance of the gun show and had information that members of the 27th Street Gang had made purchases from the FFL. On February 26, 2019, ATF interviewed the FFL who said he was purchasing the slides, barrels, and springs from a male in PA identified as Richard Adam Schreiber who was advertising on eBay. Schreiber was a parts manager at a private company in Pennsylvania for 15 years.

Relevant Authorities

Conspiracy (18 U.S. Code § 371)

"If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined under this title or imprisoned not more than five years, or both."

Theft of Government Property (18 U.S. Code § 641)

"Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any record, voucher, money, or thing of value of the United States or of any department or agency thereof, or any property made or being made under contract for the United States or any department or agency thereof; or Whoever receives, conceals, or retains the same with intent to convert it to his use or gain, knowing it to have been embezzled, stolen, purloined or converted [s]hall be fined under this title or imprisoned not more than ten years, or both."

Dealing in Firearms without a License (18 U.S. Code §§ 922 (a) (1)(A), 923 (a) and 924 (a)(1)(D))

"It shall be unlawful for any person, except a licensed importer, licensed manufacturer, or licensed dealer, to engage in the business of importing, manufacturing, or dealing in firearms, or in the course of such business to ship, transport, or receive any firearm in interstate or foreign commerce." 18 U.S.C. § 922 (a) (1)(A). In addition, "No person shall engage in the business of importing, manufacturing, or dealing in firearms, or importing or manufacturing ammunition, until he has filed an application with and received a license to do so from the Attorney General." 18 U.S.C. § 923(a). A person who violates these provisions shall be fined, imprisoned not more than 5 years, or both. 18 U.S.C. § 924(a)(1)(D).

Possession/Sale of Stolen Firearm or Ammunition (18 U.S. Code §§ 922 (j) and 924 (a)(2))

"It shall be unlawful for any person to receive, possess, conceal, store, barter, sell, or dispose of any stolen firearm or stolen ammunition, or pledge or accept as security for a loan any stolen firearm or stolen ammunition, which is moving as, which is a part of, which constitutes, or which has been shipped or transported in, interstate or foreign commerce, either before or after it was stolen, knowing or having reasonable cause to believe that the firearm or ammunition was stolen." A person who violates this provision shall be fined, imprisoned not more than 5 years, or both. 18 U.S.C. § 924(a)(2).

False Statement to Agency of the United States (18 U.S. Code § 1001)

"Whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully—falsifies, conceals, or covers up by any trick, scheme, or device a material fact; makes any materially false, fictitious, or fraudulent statement or representation; makes or uses any false writing or document knowing the same to contain materially false, fictitious, or fraudulent statement or entry to an agency of the United States" shall be fined, imprisoned for not more than 5 years or both.

Receipt/Possession of Firearm Transferred in Violation of the National Firearms Act (26 U.S.C. §§ 5812, 5861(b), and 5871)

A firearm shall not be transferred unless the transferor of the firearm has filed with the Secretary a written application meeting the requirements of 26 U.S.C. § 5812. The transferee of a firearm "shall not take possession of a firearm unless the Secretary has approved the transfer and registration of the firearm to the transferee as required" by § 5812(a). 26 U.S.C. § 5812(b). "It shall be unlawful for any person to receive or possess a firearm transferred to him in violation of" these provisions, and a person who fails to comply with them shall be fined not more than \$10,000, imprisoned not more than 10 years, or both. 26 U.S.C. §§ 5861(b) and 5871.

Receipt/Possession of Unregistered Firearm in Violation of the National Firearms Act (26 U.S.C. §§ 5841, 5945, 5861(d), and 5871)

Pursuant to 26 U.S.C. § 5861(d) it is "unlawful for any person to receive or possess a firearm which is not registered to him in the National Firearms Registration and Transfer Record." The National Firearm Registration and Transfer Record is created by 26 U.S.C. § 5841, which provides for a "central registry of all firearms in the United States which are not in the possession or under the control of the United States." Pursuant to 26 U.S.C. § 5845, the definition of a firearm that must be registered under federal law includes a "machine gun," which is defined as "any weapon which shoots, is designed to shoot, or can be readily restored to shoot, automatically more than one shot, without manual reloading, by a single function of the trigger." The definition also includes shotguns and rifles of specific lengths, silencers, and "any weapon or device capable of being concealed on the person from which a shot can be discharged through the energy of an explosive." The definition also includes shotguns and rifles of specific lengths, silencers. According to 26 U.S.C. § 5871, a person who violates 26 U.S.C. § 5861(d) shall be fined not more than \$10,000, imprisoned not more than 10 years, or both.

Transfer of Firearm in violation of the National Firearms Act (26 U.S. Code § 5812, 5861(e), and 5871)

It shall be unlawful to transfer a firearm in violation of the National Firearms Act. 26 U.S.C. § 5861(e). As noted above, the National Firearms Act provides that a firearm shall not be transferred unless the transferor of the firearm has filed with the Secretary a written application meeting the requirements of 26 U.S.C. §

5812. A person who violates this provision shall be fined not more than \$10,000, imprisoned not more than 10 years, or both. 26 U.S.C. § 5871.

On February 27, 2019, ATF conducted voluntary interviews of Schreiber at his residence in PA, and later at the PA State Police Barracks in Bedford, PA. Schreiber stated that he is not an FFL but a gun collector. Schreiber said that he advertised on various websites and had been buying parts from Yates for approximately two to three years. Schreiber said Yates first contacted him through one of his advertisements on Pennswoods.net which is now called Rennug.com, where Schreiber posted advertisements for firearm parts he was selling. Schreiber provided (b)(6); (b)(7)(C) and (b)(6); (b)(7)(C) as his usernames for these sites as well as eBay.

Schreiber told ATF he did not know where Yates worked but would meet Yates every two weeks in MD, WV, or PA to buy pistol slides. Schreiber estimated that Yates began selling him slides around September 2018. Schreiber estimated he received between 100 and 200 complete slide assemblies of different manufactures from Yates every couple of weeks. Schreiber said he paid Yates approximately \$30-\$40 per slide and resold them for \$60 or more per slide. Schreiber said that in some cases he sold them for over \$300 per slide. Schreiber told ATF that he never purchased frames or receiver parts from Yates but did receive barrels and AK-47, MAC, and Uzi parts from Yates. Schreiber said that he also received assorted ammunition from Yates and blue trainer slides that would shoot paint bullets.

Schreiber stated he sold most of the items he purchased from Yates on eBay and Facebook and worked with several dealers but did not keep physical records of his transactions. Schreiber confirmed that he always sends his packages via USPS priority mail and received payments from customers using PayPal or money orders. Schreiber provided names of two FFLs that he had dealings with and reported selling slides to people all over the country. Schreiber reported that (b)(6); (b)(7)(C) was an FFL and he provided her about 300 slides to sell. ATF allowed Schreiber to go to (b)(6); (b)(7)(C) and he returned with approximately 75 slides from different manufactures.

Schreiber told ATF that he last saw Yates on Tuesday, February 25, 2019, at an antique mall in Hancock, MD and received approximately 60 Glock 22 and 27 slides. Schreiber said during the February 27, 2019, interview that Yates never sold him complete firearms or lower receivers and always came alone in a tan Toyota Tacoma pickup truck, normally on Mondays or Tuesdays with the items in a duffel bag. According to Schreiber, Yates told him that he would get the parts from his brother who was acquiring the slides from a scrap yard prior to disposal. Schreiber stated that he also assumed Yates got some of the items from auctions.

Schreiber showed ATF agents numerous firearms parts and weapons in his basement. Schreiber estimated he purchased between 3,000 and 4,000 slides from Yates over the two years preceding his ATF interview and had amassed approximately 1,500 slides and upper receivers in his basement. Schreiber gave consent to have his Samsung Galaxy cellular phone forensically downloaded for extraction.

On March 3 and 4, 2019, ATF executed a search warrant at Schreiber's residence and seized over a hundred firearms, over a thousand firearms parts, and thousands of rounds of ammunition. ATF used two U-Haul trucks to transport the items to a secure vault in Martinsburg, WV.

During the search, Schreiber was voluntarily interviewed again and told ATF that almost every room in the house had firearms in it. Schreiber stated that among the weapons in his house was an inert rocket propelled grenade and light anti-tank weapon (LAW) style rocket launcher. Schreiber said about 10 years ago, he started to sell and trade things that he would buy from gun collectors for extra income.

ATF told Schreiber they knew he was receiving more than just slides, but also actual firearms, including rifles and fully automatic firearms, and lots of ammunition from Yates. Schreiber responded that after meeting Yates through Pennswood.net or Rennug.com as early as 2016, he decided to meet Yates in Hancock, MD and Yates had truckloads of miscellaneous items for sale including ammunition, scopes, and slings. Schreiber stated, contrary to his prior testimony, that after this first meeting, they began to meet regularly and Schreiber purchased hunting rifles, AK parts, slides, machine-gun parts, and other items. He also acknowledged, contrary to his prior testimony, that he purchased fully automatic firearms from Yates.

Schreiber estimated that he purchased from Yates 15 rifles; 400 to 500 AR type upper receivers, 10 to 15 AR style lower receivers; 2 PPSH-41 and 2 PS-90s machine guns; 80 complete pistols; 30 revolvers; one .50 caliber M3 squad automatic weapon (SAW); one AK-47; one CZ Scorpion; three mini-14 rifles; and hunting rifles. Schreiber further estimated that he purchased from Yates 200 to 300 Sig Sauer slides; 400 to 500 1911 Style slides; 600 Smith and Wesson slides; an unknown amount of Smith and Wesson pistols; an unknown amount of Glock lower and upper receivers; and an unknown amount of silencers, grenades, and scopes.

Schreiber recalled Yates coming to him with four PS-90 rifles, but he refused to take two because they were short-barreled rifles. Schreiber estimated receiving 20,000 to 30,000 rounds of ammunition from Yates that included .50 caliber shotgun ammunition, .22, .308, .223, 7.62x39mm, and .38 super ammunition which he would then try to sell at a flea market.

Schreiber told ATF that he had bought and sold at least 1,000 firearms over the last 10 years. Schreiber said that he could buy a pistol for \$50 to \$100 from Yates, strip the slides of the pistols, and sell them for \$200 or \$250 each. Schreiber estimated he made at least \$200,000 from selling items received from Yates, and close to \$100,000 from eBay sales. Schreiber paid Yates a bulk price on parts, outside of firearms and slides. Schreiber said he could pay Yates \$4,000 for a box of firearm parts that could include 200 scopes and 30 sights.

Schreiber did not believe he had any more guns purchased from Yates in his house. According to ATF's interview report, Schreiber said that even though he was suspicious of how Yates came into possession of so many items, he purchased and resold the weapons, parts, and ammunition from Yates for the money and greed. He further stated that he, "got in over [his] head and got stupid." Schreiber said Yates told him that the items were going to be destroyed at a scrap yard and he was able to get complete guns because the gun shredding machine was broken. Schreiber said that Yates gave him the impression that his brother worked at a scrap yard where ATF brought weapons to be destroyed.

Schreiber said that he kept some of the more sensitive items he purchased from Yates at a local resident's home and a friend's farm and provided the names of these individuals to ATF. Schreiber also provided ATF the names and contact information of some of the individuals to whom he sold weapons.

On March 4, 2019, Schreiber agreed to another voluntary interview with ATF at a hotel in Bedford, PA, regarding his involvement in the receipt and trafficking of stolen firearms and parts. Schreiber advised his relationship with Yates was only business and the most he ever gave Yates at one time was \$16,000 but never less than \$800. Schreiber estimated he paid Yates \$200,000 to \$300,000 during the course of their business dealings. Schreiber was asked further questions about information on his phone and continued to identify people for ATF. Schreiber said that he sold most of his items on eBay and Facebook under the names "Frank Rizzo & Adam Schreiber", and also advertised on AK Files. Text messages from Schreiber's phone demonstrated a firearms business relationship with Yates since at least December 2016 and included

correspondence and photos of firearms, firearm parts and accessories stolen from ATF, which indicated that Schreiber had knowledge that Yates was obtaining the firearms and parts from ATF.

On March 28, 2019, an ATF Senior Special Agent in Tucson, Arizona, approached the OIG immediately after he saw the news about theft from NFAD and said that he had purchased weapon parts from Schreiber. The ATF agent said he had no knowledge of stolen property from NFAD prior to purchasing the slide and violated no federal laws. The agent said a friend had told him about a gentleman, later identified as Schreiber, who was putting notifications on AKfiles.com for Glock parts. The agent said he sent Schreiber a text looking for Glock uppers since he was building a polymer 80 subcompact pistol. The agent inquired about prices on Generation 3 (Gen3) sets of Glock 26s (9 MM) and 27s (.40 Cal) to build his own polymer 80 subcompact pistol. Schreiber told him that the Gen3 sets were \$300 but that he could get the Gen4 Glock 22 upper set (slide, barrel, and spring) for \$150. The agent did not think it was unusual to see these parts being sold online because police departments often sold their old parts to the public, and there is no requirement that such parts be sold by an FFL.

Schreiber sent his PayPal information (b)(6); (b)(7)(C) to the ATF agent and requested payment via the friends and family payment option with no comments. The package was shipped via USPS priority mail to a P.O. Box in Arizona and had a slide and barrel with matching serial numbers. The agent said he only knew the individual as (b)(6); (b)(7)(C) until the package arrived with the name "Adam Schreiber" on the box.

According to the agent, the gun parts he purchased are nothing but a "piece of metal" in the eyes of the ATF, because they are not regulated. The only firearm parts ATF considers a firearm are the frame and receiver. The agent said there is a big concern in the law enforcement community with weapon parts being sold, but it is not illegal. The agent sent the slide and barrel he purchased from Schreiber and their text messages to the OIG who alerted the Western District of PA (WDPA) United States Attorney's Office. The OIG determined that the agent did not violate any laws or ATF policy.

On April 10, 2019, the WDPA United States Attorney's Office met with Schreiber and his counsel for a reverse proffer to outline evidence against Schreiber. The reverse proffer resulted in three additional firearms, which were stolen by Yates, being recovered from Schreiber's coworker.

On August 6, 2019, Schreiber was indicted by a federal grand jury in the U.S. District Court for the WDPA on numerous counts related to firearms stolen from the ATF's NFAD facility located in Martinsburg, WV. According to the Indictment, between August 2016 and March 2019, Schreiber purchased multiple stolen firearms, firearm components, and ammunition from a former DHS FPS contract security guard assigned to the NFAD facility, and then sold the firearms and components over the internet from his residence. The eight-count Indictment included:

1. Conspiracy (18 U.S. Code § 371), from on about August 30, 2016, to on or about March 4, 2019.
2. Theft of Government Property (18 U.S. Code § 641), from on or about August 30, 2016, to on or about March 4, 2019.
3. Dealing in Firearms Without a License (18 U.S. Code §§ 922 (a) (1)(A), 923 (a) and 924 (a)(1)(D)), from on or about August 1, 2017, to on or about March 4, 2019.
4. Possession/Sale of Stolen Firearm or Ammunition (18 U.S. Code §§ 922 (j) and 924 (a)(2)), from on or about August 30, 2016, to on or about March 4, 2019.
5. False Statement to Agency of the United States (18 U.S. Code § 1001 (a)(2)), on or about February 27, 2019.

6. Receipt/Possession of Firearm Transferred in Violation of the National Firearms Act (26 U.S. Code §§ 5812, 5861(b), and 5871), from on or about August 10, 2017, to on or about March 4, 2019.
7. Receipt/Possession of Unregistered Firearm in Violation of the National Firearms Act (26 U.S. Code §§ 5841, 5861(d), and 5871), from on or about August 10, 2017, to on or about March 4, 2019.
8. Transfer of Firearm in Violation of the National Firearms Act (26 U.S. Code §§ 5812, 5861(e), and 5871), from on or about March 4, 2018, to on or about March 4, 2019.

On March 5, 2020, Schreiber pleaded guilty to counts 1, 2, 3, 4, and 7 of the indictment and voluntarily forfeited the revolvers, pistols, machine guns, silencers, rifles, and all other firearms, firearm components, and ammunition outlined in the plea. Schreiber also forfeited \$41,961.

Schreiber's Sentencing

On February 3, 2021, Schreiber was sentenced to 40 months in prison followed by three years of supervised release, and ordered to forfeit \$41,961 and all weapons, weapon parts, and ammunition in his possession.

The Assistant United States Attorney (AUSA) stated at sentencing that six of the weapons Schreiber put "into the stream of commerce" were used in shootings in Philadelphia and that four of these shootings were homicides. In addition, only four of the seven machine guns believed to have been taken from the old NFAD building were recovered and the AUSA said, "the ripple effects of his [Schreiber's] crimes will be felt for decades."

The OIG did not Identify Co-Conspirators or Additional Insider Threats at NFAD

Office of Inspector General Definitions:

Insider – Any person with authorized access to any U.S. Government resource including personnel, facilities, information, equipment, networks or systems. This includes all employees, former employees, contractors or business associates.

Insider Threat – The threat that an insider will use authorized access, wittingly or unwittingly, to do harm to the security of the U.S. This threat can include damage to the U.S. through espionage, terrorism, unauthorized disclosure of information, or through the loss or degradation of Departmental resources or capabilities.

The National Insider Threat Task Force defines an "insider threat" as "someone who misuses or betrays, wittingly or unwittingly, his or her authorized access to any U.S. Government resource."

The OIG conducted 26 interviews and did not find evidence of other ATF employees, contractors, or guards conspiring with Yates or Schreiber to steal weapons or parts from the NFAD facilities. The interviews included armorers; firearms enforcement officers; ordnance equipment specialists; property coordinators; program analysts; a warehouse specialist; a logistics management specialist; supervisory special agents; a division and branch chief; a physical security specialist; a seized property investigator; and security guards with knowledge or involved with ATF weapons protocols involving storage and destruction.

The DHS FPS contract's statement of work notes that FPS is responsible for protecting buildings, grounds, and property that are owned, occupied, or secured by the Federal Government and persons on the property. FPS

contract security guard responsibilities include federal building access control, employee and visitor identification checks, security equipment monitoring, and roving patrols of the interior and exterior of federal property. FPS guards are provided to ATF because ATF leases the NTC space through GSA. FPS has jurisdiction over the buildings and manages the guard contract, so ATF reimburses FPS for the guard services. Additionally, ATF has a physical security specialist on site at the NTC.

FPS contracted guards go through a background investigation that includes criminal, financial, credit, residence, employment, education, and reference checks. There is also an interview with an investigator from the U.S. Office of Personnel Management (OPM). DHS-FPS processes the background investigation and issues a fitness determination as favorable or unfavorable. If the guard is determined as favorable, they are allowed to work at a post on the designated contract. In addition, when a favorable fitness determination is adjudicated, it is valid for five years, with periodic re-investigations every five years. If the agency or company for whom the contracted guard is employed reports any adverse employment action to FPS, the notification documentation is sent to the contract suitability office and the documentation is inserted and documented into the guard's FPS file. The statement of work states that the guards should conduct themselves with the highest integrity and trustworthiness. The guards are also required to undergo initial and annual refresher trainings to conduct their job.

According to (b)(6); (b)(7)(C) the contracted guards at the NTC complex for ATF go through a Tier 4 high-risk public trust investigation, which is a higher scrutiny background investigation than that used for FPS contracted security guards at most of the other sites on the contract in the area. This includes the ATF Personnel Security Division conducting its own review of the FPS background investigation results and its own ATF internal checks to determine if the guards can work on the contract. The current guard services contract (70RFP318DE3000003) was issued on June 29, 2018, to Allied Universal Security Services (AUSS) for security at various federally owned/leased facilities throughout the West Virginia panhandle. The ATF NTC, building number WV0226, is a listed site under the contract. The previous contract (HSCEGI-07-D00006) was issued on June 6, 2007 by DHS/ICE/FPS to TW & Company, Inc. and later purchased by AUSS.

Yates was a cleared security guard for over 16 years under contract with DHS-FPS at ATF facilities in Martinsburg, WV. Yates had several favorable background investigations from FPS and ATF completed during his career. Yates was vetted and favorably adjudicated by the DHS FPS (SF85P "Questionnaire for Public Trust Positions") on July 23, 2012. The FPS Contract Adjudications Unit then determined Yates was fit to perform continued service under the contract for another five years on February 11, 2019, upon the completion of a Tier 4R [High-Risk Public Trust Position Reinvestigation - No National Security Sensitivity] conducted by OPM. The ATF Personnel Security Division also cleared Yates to work on the contract.

Yates worked as the lone guard on weekends at the old NFAD building on Winchester Avenue in Martinsburg and sometimes worked as the lone evening guard. Other guards told the OIG that they never understood why anybody would want to work the weekends alone at the old NFAD building, and that these positions were usually hard to fill. One guard said that when Yates worked at the old NFAD building, he always parked his truck by the front entrance on the weekends instead of the parking lot several hundred meters away. One employee noted, "this guard had the keys to the castle every night at the old facility and it was just him there. He could have did whatever he wanted. He had eight hours to do whatever he wanted to do."

At the NTC, Yates used his seniority to become a "rover" instead of having a stationary position, and he requested to work the Saturday and Sunday shifts from 6 am to 2 pm, in addition to his normal scheduled shifts on the loading dock on Thursdays and Friday from 6 am to 2 pm. On weekdays, Yates sometimes worked the x-ray machine for deliveries and, thus, could see what weapons were arriving to FATD.

As a rover, Yates patrolled the entire NTC to conduct checks after hours, per his job responsibilities, and provided relief for officers on static posts. Yates also had access to a master key that could be used to gain access to restricted areas in cases of emergencies. On the weekends, there was a skeleton crew with only a front gate guard, a monitor guard, and a rover. Several witnesses said it was not unusual to see Yates arrive to work with a backpack every day, and that other guards also brought bags or backpacks with them to work. Cameras covering inside the new NFAD building were not displayed in the main control center of NTC. The monitors inside the new NFAD [REDACTED]

In addition to his transactions with Schreiber, the joint investigation determined that Yates had firearms transactions with other individuals and a few FFLs as early as 2016 and, to a lesser extent, continuing into 2017. Some of these transactions involved AR type rifles, hunting rifles, AR upper assemblies, revolvers, pistols, scopes, and laser lights. ATF interviewed all these individuals and FFLs and took possession of any items that were obtained from Yates.

[REDACTED]

[REDACTED] Yates befriended several ATF personnel who worked at both the old and new NFAD buildings and sometimes would move pallets to help ATF personnel with destruction operations at the old NFAD building.

ATF interviewed all the guards at NTC, and the OIG and DHS-OIG also interviewed DHS-FPS contracted guards that were friendly or had purchased or traded weapons with Yates. There was no evidence that any guards were conspiring with Yates or had knowledge of Yates stealing weapons and parts from the NFAD facilities.

ATF employees told the OIG that Yates had a "big personality," was "a gun enthusiast," and was treated "like one of the guys." Other DHS-FPS security guards on the contract and a GSA maintenance worker on the ATF grounds told the OIG that they had purchased and traded weapons and scopes with Yates over several years. Yates gave one guard advice on how to build a Glock from an 80% frame and sold a rifle to another guard. Yates was known to other guards as the "gun guy" who loved to hunt and gamble. Yates told guards that he did a lot of wheeling and dealing in firearms similar to a pawn shop and attended guns shows all over the country.

Contracted security guards interviewed by the OIG stated that Yates bragged to them about personal achievements like winning poker tournaments at the Charles Town casino and that Yates walked around with huge wads of cash. One guard who was at Yates's residence said the following about his collection: "The average citizen in the United States, even in Texas wouldn't even have it. It was very unique guns. And I never would have suspected that it would have come from here. I just knew he had a lot of money." Another guard said that Yates had purchased a new Toyota Tacoma truck in 2017 with cash and was observed coming and going near the back of the loading dock at the new NFAD building in his new truck.

The OIG found that it was not uncommon for FATD to give away extra gun and EOtech cases to employees and guards around the building.⁷ As discussed above, [REDACTED] told the OIG that the tech cases were items that were going to be thrown out and estimated that ATF gave away hundreds of these over the years. In addition, some DHS-FPS guards admitted to taking Glock boxes and EO Tech boxes that were thrown in trash bags or in the dumpster outside the new NFAD building. The guards stated that they were told by ATF employees that they

⁷ EOtech is a company that designs, manufactures, and markets electro-optic weapon sights and scopes that are used by the military and law enforcement.

could take the Glock boxes and EO tech boxes from the trash. One of the guards stated that he sold EO tech boxes for \$12 and Glock boxes for \$6 on eBay.

Conclusion

The OIG did not find evidence that other ATF personnel or federal contract employees at NFAD either colluded with or assisted Yates or Schreiber in committing the crimes described in this report. We concluded that vulnerabilities at both the old and new NFAD buildings made it possible for Yates to commit his crimes without assistance. At the old NFAD building, Yates often worked alone, had broad access to the building, and had access to weapons, weapon parts, and ammunition which were often left unsecured in boxes without locks. Even at the new NFAD building, Yates was able to steal weapon parts and at least one silencer without anyone's knowledge or assistance, because NFAD and FATD employees failed to observe and verify each weapon part being destroyed through the gunbuster shredder and alligator shear, and left the bins unsecured.

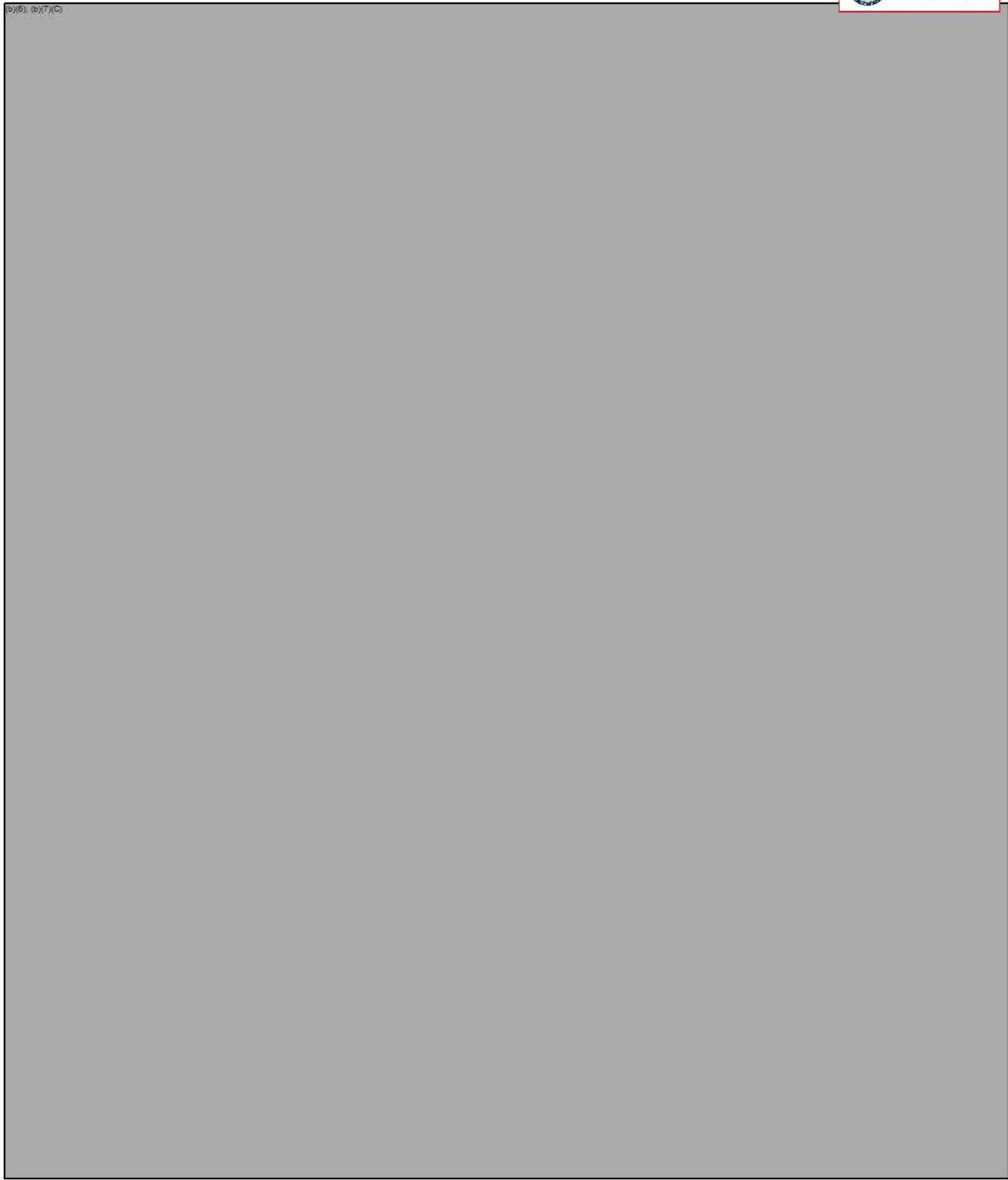
Actions Taken by ATF to Recover Stolen Firearms

Between February and May 2019, the actions of Yates and Schreiber led ATF field divisions across the country to conduct over 1,200 referrals targeting the recovery of stolen NFAD firearms and firearm parts through information and intelligence gathered during interviews and analysis from (b)(7)(E)

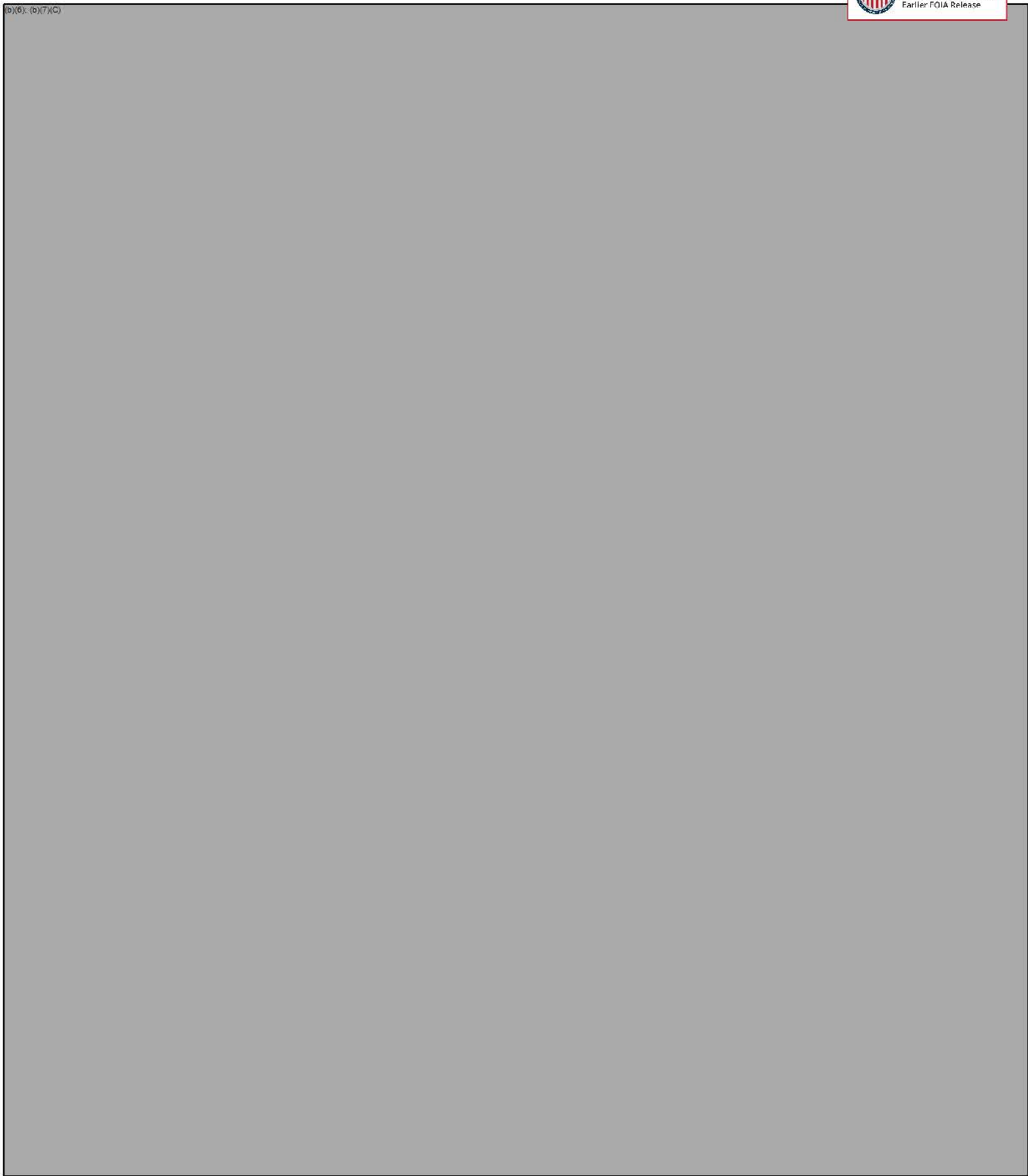
(b)(7)(E) The majority of these referrals led to the recovery of stolen firearm parts, and some of the more significant recoveries were referred to AUSAs for prosecution.

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)







(b)(6); (b)(7)(C)



(b)(6); (b)(7)(C)

The ATF National Academy discovered a Remington Model 870 Shotgun missing

On September 17, 2019, the OIG received additional information that a Remington (model 870) gauge shotgun was discovered missing on June 27, 2019. Records indicate the shotgun was sent from the ATF National Academy (Glynco, GA) to FATD (Martinsburg, WV) on April 20, 2017, (b)(7)(E). Despite being shipped to Martinsburg, the shotgun was never removed from the Academy inventory and placed on the FATD inventory. The shotgun was signed for by (b)(6); (b)(7)(C) on April 21, 2017. (b)(6); (b)(7)(C) then sent an email to the Property Management Section and the National Academy documenting receipt and requesting transfer of the asset from the National Academy to FATD (b)(7)(E).

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

In May 2018, the Academy inventoried the shotgun in Sunflower as being at the Academy despite (b)(6); (b)(7)(C) signing for it in Martinsburg on April 21, 2017. The Academy did not realize its error in mistakenly accounting for the shotgun until June 27, 2019, which was around the time of the MIT and the Yates investigation.

(b)(6); (b)(7)(C)

Conclusion

The OIG investigation was unable to determine what happened to the missing shotgun. (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

The ATF MIT did not inventory the shotgun during its inspection of Martinsburg and the OIG was not able to locate the shotgun. (b)(6); (b)(7)(C)

(b)(6); (b)(7)(C)

ATF Post Theft Changes

The ATF provided the OIG with over 100 reports of investigation; video surveillance; photographs; security and guard records; property and personnel lists; standard operating procedures; reports of destruction forms; and the NDB Working Group and MIT reports and exhibits.

After it was discovered that Yates was stealing firearms, ATF took immediate and substantial steps to enhance the security at the new NFAD building in Martinsburg. The OIG found that ATF prioritized the investigation of the thefts from its facilities and applied significant resources to maximize the recovery of stolen property nationwide. In early 2019, due to Yates's theft, ATF issued more than 1200 referrals across all 25 ATF field divisions in 49 of the 50 states, District of Columbia, and Puerto Rico in an attempt to recover the stolen items. ATF recovered 4,625 stolen pieces including 4,000 firearms parts, 3,000 of which were slides; at least 15 rifles; 80 handguns, including ATF duty weapons; 10 to 15 AR-style lower receivers; and four machine guns.

Additionally, from March 11 through May 3, 2019, the MIT, a specialized team that conducts large-scale, complex firearms and explosives inspections, was put together and reportedly conducted a full physical inventory of every firearm and serialized part located at the NTC. The MIT reportedly created a record of all the firearms, to include all ATF duty weapons, ATF evidence, and other agency weapons sent for destruction since December 1, 2014. According to the MIT, the records were created through available inventory records in Sunflower, NFORCE, and CATS and included a full physical inventory of every firearm located onsite, including the ATF Reference Library, Prop Firearms, ATF Duty Weapons, Rich Turner Vault, Parts Room, Evidence and Industry Evaluation, and the National Disposal Branch (previously NFAD). Additional onsite inventories were conducted at the National Center for Explosives Training and Research and the Ammendale Lab.

On March 13, 2019, ATF also created a working group to evaluate and reorganize the ATF NDB. The group reportedly evaluated the standard operating procedures, personnel, onsite accountability protocols, storage, destruction and disposal equipment, and building layout and proposed measures to bring about enhanced accountability and oversight. On April 27, 2019 and May 1, 2019, the team traveled to American Pulverizer in St. Louis, Missouri, and SSI Shredding Systems in Wilsonville, Oregon, to review shredders that could be acquired to augment the current gunbuster shredder and alligator shear that will allow NDB to destroy firearms in a single destruction process.

On August 2, 2019, the working group updated the most recent standard operating procedure with changes, including removing NDB personnel and guard access inside the building, revisions to the building design and layout, removing FATD and storage equipment, and installing a team concept approach. The part of the plan that the OIG finds most useful is that firearms must be inventoried a minimum of twice: upon receipt/check-in and immediately prior to destruction. At the time of destruction, an ATF employee will observe each item being destroyed and will verify the item on the tracking log, thereby ensuring a second count of the items before being destroyed. NDB will also not be storing or destroying ammunition, which will be directly sent to the third-party vendor.

The working group resulted in the following findings:

- Current NDB procedures did not allow for sufficient oversight of property during the disposal process.
- The NDB mission requires a standardized ATF vault within the NDB facility.

- Items housed in the NDB pursuant to the MOU should be stored in a secondary vault within the NDB facility.
- ATF items located at NDB for long-term storage should be removed. These items do not include the non-ATF items be held pursuant to an MOU.
- The NDB requires an exclusive and dedicated facility to ensure accountability during the destruction process.
- Access to the NDB destruction area needs to be restricted to Special Agents, Special Property Investigators, and Industry Operations Investigators.
- The NDB requires quarterly scheduled maintenance to sustain destruction equipment.
- The current NDB equipment is unable to accommodate typical firearms in a single destruction process.
- NDB personnel should not disassemble firearms prior to destruction.
- The NDB office space should comply with current ATF cubicle standards to enhance security and accountability.
- The NDB needs a regimented equipment training program to ensure employee safety.
- The NDB lacked independent accounting of property located within the branch.
- The NDB lacked a stopgap procedure for inevitable equipment malfunctions.

The problems identified in this report including the destruction facilities set-up, controls, and processes created a scenario that enabled Yates to commit his crimes without detection and without any help from other employees. Although the OIG found no reason to question the MIT inventory results as well as ATF's successful investigative efforts and working group findings, there is no way of determining exactly how many weapons, parts, or ammunition Yates stole from the NFAD facilities over the years. It is not possible to verify which items on the RODs from August 2014 through February 2019 were actually destroyed versus stolen. Therefore, the OIG expects that individual weapons, weapon parts, or ammunition stolen from the NFAD facilities may continue to be recovered at crime scenes and in other locations in the future.

To reduce the risk that the type of criminal conduct identified in this investigation happens again, the ATF must ensure that its procedures for the secure, accountable, and safe destruction of firearms are sufficient and effective. The OIG will monitor the ATF's firearm destruction processes and, as appropriate, conduct any necessary investigations, audits, inspections, or reviews.

The OIG has completed its investigation and is providing this report to ATF and DHS OIG for its review and action it deems appropriate, including any appropriate administrative findings against Yates.