



Written by [Alex Newman](#) on August 23, 2012

Fast and Furious ATF Leader on JP Morgan Payroll May be Prosecuted

Republican lawmakers investigating the Obama administration's deadly "[Fast and Furious](#)" gun-trafficking scandal want to know why one of the top disgraced figures at the center of the scheme — William McMahon, who may soon be prosecuted for perjury — is now on "paid leave" collecting a six-figure paycheck while working full-time for banking giant J.P. Morgan overseas. The revelations of "double dipping" and the looming potential prosecution represent the latest chapters in an ongoing saga that countless analysts have dubbed Obama's "Watergate."



In an August 21 [letter](#) to Acting Director Todd Jones of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), Sen. Chuck Grassley (R-Iowa) and Rep. Darrell Issa (R-Calif.) demanded an explanation, saying the legality of the controversial arrangement was unclear but the absurdity of the decision was not. Former ATF Deputy Assistant Director for Field Operations McMahon was named in a [recent congressional report](#) as one of five key figures at the agency responsible for "Fast and Furious."

The first part of the official report on the scandal detailed McMahon's "admitted failure to read important documents he was responsible for authorizing and his false testimony regarding his role in authorizing applications for wiretaps in the case," lawmakers said in the letter. They were referring to his part in Fast and Furious and the subsequent cover-up.

The federal scheme provided thousands of high-powered weapons to Mexican drug cartels at taxpayer expense under the guise of "investigating" drug smugglers, though the two primary supposed targets of the investigation were [later exposed as "untouchable" FBI assets](#). Official e-mails later [revealed that the Department of Justice was using the fallout to push for more infringements](#) on the right to keep and bear arms.

After ATF whistleblowers exposed the scandal more than a year ago when Fast and Furious guns were recovered at the [murder scene of U.S. Border Patrol agent Brian Terry](#), McMahon eventually secured extended paid leave from government employment. He was apparently nearing eligibility for retirement, allowing him to collect a highly generous pension from taxpayers as long as he stayed on board until December. Despite his admitted failures and possible perjury, ATF kept him on the payroll.

"Under any reading of the relevant personnel regulations, it appears that ATF management was under no obligation to approve this sort of arrangement," wrote Sen. Grassley and Rep. Issa, who serves as chairman for the powerful House Oversight and Government Reform Committee probing the administration's gun-running plot. It gets worse.

Incredibly, while continuing to receive his massive taxpayer checks, the disgraced ATF official went to work "security" for the politically well-connected JP Morgan bank — in the Philippines, earning over



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\$100,000 per year, possibly much more. Some analysts [suggested](#) that the administration may be seeking to keep McMahon abroad to prevent him from exposing further criminality among higher-ranking officials. Other top figures in the scandal have [invoked the Fifth Amendment protection against self-incrimination](#) to avoid testifying.

Regardless, McMahon is now receiving two pay checks: one from the American people for reasons that remain unclear, and another from one of the biggest banks in the world. Taxpayers will continue paying him far into the future, too, unless something is done. On top of that, McMahon may be out of the reach of the U.S. justice system, at least for the time being, as talks of criminal prosecutions continue to grow louder.

“Given McMahon’s outsized role in the Fast and Furious scandal, the decision to approve an extended annual leave arrangement in order to attain pension eligibility and facilitate full-time, outside employment while still collecting a full-time salary at ATF raises a host of questions about both the propriety of the arrangement and the judgment of ATF management,” the two Republicans wrote in the letter to ATF boss Jones.

Beyond ATF and the administration, McMahon himself may well be in hot water soon, too. According to lawmakers, he likely committed perjury while testifying before Congress about his role in approving Fast and Furious wiretaps. “This is somebody who our reports said perjured himself before the Congress,” Rep. Issa explained during a recent interview on Fox News. “We don’t understand why J.P. Morgan would hire somebody who’s lied to Congress that will probably be referred for criminal prosecution.”

Of course, McMahon is hardly the only individual facing serious potential consequences. The House [voted overwhelmingly to hold disgraced Attorney General Eric Holder in contempt of Congress](#) for his role in the ongoing cover-up. He is currently abusing his position to shield himself from criminal prosecution, but lawmakers are now [suing him in federal court](#). Experts and documents, meanwhile, indicate that the gun-running scandal almost certainly reaches into the upper echelons of the administration — including [President Obama himself](#).

The ATF as an agency has also come under relentless fire, with calls by critics to abolish the unconstitutional bureaucracy outright growing louder every day. In the latest letter, Issa and Grassley also highlighted another recent scandal surrounding the agency and its new boss, who was [caught on video threatening whistleblowers](#) with unspecified “consequences” for exposing ATF crimes outside the “chain of command.”

“Rather than imposing consequences for his admitted failures, the ATF appears to be rewarding McMahon,” the letter observed. “ATF has essentially facilitated McMahon’s early retirement and ability to double dip for nearly half a year by receiving two full-time paychecks — one from the taxpayer and one from the private sector.”

Meanwhile, a highly anticipated Justice Department Inspector General report is set to be released in the not-too-distant future, according to [news accounts](#). It remains unclear whether it will be a whitewash, but numerous analysts have already expressed doubts. Lawmakers also noted the hypocrisy of ATF leadership telling a Fast and Furious whistleblower he had to wait for the IG report to correct its wrongdoings, even as the agency offered McMahon such a lucrative deal in apparent violation of its own rules.

“ATF did not wait for the Office of Inspector General to complete its report on Fast and Furious before



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approving the arrangement,” the Republican members of Congress said in the letter about McMahon. “This is in sharp contrast to the posture the agency has taken with whistleblowers like Special Agent John Dodson, who is told he must wait until the Inspector General’s report is complete before the agency will even consider his simple request for a statement retracting the false statements made about him by agency leadership.”

Perhaps ironically, the deal secured by McMahon was exposed even as one of the whistleblowers who helped bring Fast and Furious to light is currently being sued by ATF over the same issue. Undercover agent Jay Dobyns is facing the wrath of the agency for pursuing outside employment — he is trying to write a book — after the administration allegedly retaliated against him.

“Wait a minute. ATF and DOJ are suing me for alleged violations of my outside employment agreement while at the same time sanctioning McMahon to work full time outside of ATF? Are you serious?” Dobyns was [quoted as saying](#) by Fox News in a complaint to the ATF Office of Professional Responsibility. “This is disgusting!”

Outside of Capitol Hill and the ATF, analysts and activists were outraged, too. “If this is what the administration means by holding the decision-makers accountable, it’s fair to wonder what they’d consider ‘justice’ for the Terry family and other victims of Operation Fast and Furious to look like,” [said](#) gun-rights advocate David Codrea, who played a key role exposing the deadly federal scheme from the beginning. Codrea is one of many activists hoping to see wide-ranging criminal prosecutions of those involved in the scandal.

Spokesmen for the ATF said the agency had received the letter and would respond, according to news reports. Lawmakers gave Jones until September 4 to answer over 20 questions. Agency spokesman Drew Wade [confirmed](#) that McMahon was still on the government payroll while on leave but declined to comment further.

Photo of JP Morgan branch: AP Images

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