

knowledge and consent, PERSON 1 arranged for the smuggling of those firearms from the United States into Mexico.

3. In furtherance of the scheme to smuggle weapons to Mexico, CARLSON acquired thousands of rounds of ammunition and multiple .50 caliber rifles from Michael FOX, a Williamson County resident, a federal firearms licensee (FFL), and former law enforcement officer. PERSON 1 also acquired thousands of rounds of ammunition from FOX directly. FOX was paid in cash by both CARLSON and PERSON 1.

4. Sometime during the summer of 2015, CARLSON presented FOX with parts from an M134G in 2015, inquiring if FOX could build a complete, functioning weapon. FOX agreed to try. At the time, FOX was not told that the weapon was to be smuggled to Mexico.

5. FOX contacted Tracy GARWOOD in August of 2015.

6. GARWOOD owns Garwood Industries, located in Scottsdale, Arizona, which began business operations in 1999 with the goal of developing what it called the "Next Generation M134 Electric Minigun." GARWOOD is an FFL and licensed machinegun manufacturer.

7. GARWOOD agreed to assist FOX in constructing an M134G.

8. FOX travelled from the Western District of Texas to Arizona to meet with GARWOOD in August 2015. On August 19, 2015, GARWOOD dated and sent a letter to the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF) stating that an M134G rotor housing that GARWOOD had on his required records with serial number GI 00050 was destroyed.

9. On June 3, 2016, near McAllen, Texas, M134G parts, fifteen AK-47 rifles, four handguns, and four thousand rounds of assorted ammunition were seized while an individual attempted to illegally smuggle them out of the United States to Mexico.

10. Also in June of 2016, during a routine inspection of GARWOOD's business in Arizona, GARWOOD told ATF that an M134G rotor housing with serial number GI 00269 was destroyed in 2015, but that he (GARWOOD) forgot to send in a letter to ATF. ATF told him to draft a letter, which GARWOOD did and which he provided to ATF. GARWOOD had multiple M134G rotor housings marked in his official records as destroyed.

11. In December 2016, law enforcement agents seized an additional cache of weapons near Weslaco, Texas that consisted of approximately twenty-nine firearms, smoke grenades, and thousands of rounds of ammunition. These munitions had been stored by PERSON 1 and were to be smuggled to Mexico.

12. Between 2014 and 2016, FOX made over \$270,000 in structured purchases of U.S. Postal Service money orders with the cash proceeds paid to him by CARLSON. By structuring his purchases, that is, breaking larger purchases into a series of smaller purchases, FOX attempted to avoid having to provide identification to the U.S. Postal Service when exchanging cash for money orders.

13. On February 8, 2017, Michael FOX's residence in Georgetown, Texas was searched by law enforcement. Law enforcement recovered an M134G rotor housing that had an obliterated serial number. ATF was able to recover the numbers 00050 from that rotor housing, consistent with the rotor housing GARWOOD falsely told ATF was destroyed in his August 19, 2015 letter described in paragraph 6 above. A second rotor housing with an obliterated serial number was recovered and ATF was able to raise markings consistent with the name "Garwood Industries," but were unable to raise a serial number. Finally, law enforcement recovered an M134G rotor housing marked with Garwood Industries and the serial number GI 00269.

14. At no time did GARWOOD or FOX submit any of the required paperwork to transfer possession of the those three Garwood Industries rotor housings from GARWOOD to FOX. At no time did FOX properly put the machineguns in his records. At no time did GARWOOD or FOX request permission to obliterate the existing serial numbers on the rotor housings. At no time were GARWOOD or FOX given permission to add any new serial numbers to the machineguns. All of those actions were in violation of federal law.

15. CARLSON did not have permission from the Government to possess a machinegun nor did CARLSON or PERSON 1 have a license to export any firearms or munitions from the United States to Mexico. It is a violation of federal law and regulations to export firearms or munitions from the United States to Mexico without a license. The M134G, AK-47 style rifles, handguns, other firearms, and ammunition smuggled by CARLSON and PERSON 1 were in fact munitions requiring a license to be exported from the United States to Mexico.

16. In fact, FOX successfully built multiple M134G machineguns, unlawfully transferred them to CARLSON, who in turn supplied them to PERSON 1. PERSON 1 had successfully smuggled those weapons into Mexico. While FOX was not initially told the weapons were going to Mexico, FOX was told during the course of business with CARLSON that the weapons were being taken to Mexico. GARWOOD was never told by FOX or CARLSON that the weapons were being smuggled to Mexico.

COUNT ONE
[18 U.S.C. § 371]

17. Count One adopts paragraphs One through Sixteen as if fully reincorporated herein.

18. Beginning on or about sometime in 2014, the exact date being unknown, and continuing until on or about February 8, 2017, in the Western District of Texas, the Southern District of Texas, the District of Arizona, and elsewhere, the Defendants,

**TYLER CARLSON,
MICHAEL FOX
TRACY GARWOOD**

knowingly and willfully conspired and agreed together and with other persons known and unknown to the grand jury, to commit certain offenses against the United States. The manner and means and overt acts of the conspiracy being described in Paragraphs One through Sixteen above. The purposes of the conspiracy was to unlawfully transfer machine guns from GARWOOD to FOX to CARLSON and then for CARLSON to work with PERSON 1 to smuggle the firearms from the United States to Mexico. GARWOOD did not share the second purpose of the conspiracy (to smuggle firearms to Mexico), but did conspire to unlawfully transfer machine guns.

19. The offenses committed against the United States by the conspiracy consisted of:

- a. Knowingly and willfully exported and caused to be exported from the United States to Mexico a defense article, that is machineguns, AK-47 rifles, handguns, assorted firearms, and ammunition, which were designated as defense articles on the United States Munitions List, without having first obtained from the Department of State a license for such export or written authorization for such export, in violation of Title 22, United States Code, Sections 2778 (b)(2) and 2778 (c), and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.
- b. Knowingly and unlawfully possessed firearms, that is machineguns, in that the machineguns were transferred from GARWOOD to FOX to CARLSON in violation of the National Firearms Act (NFA) and FOX and CARLSON possessed

the machineguns after they were thus unlawfully transferred, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(b), and 5871.

- c. Knowingly and unlawfully possessed firearms, that is machineguns, in that the machineguns were not registered to FOX or CARLSON in the National Firearms Registration and Transfer Record and FOX or CARLSON had not obtained approval to register the firearms, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(d), and 5871.
- d. Knowingly and unlawfully possessed firearms, that is machineguns, in that the machineguns were transferred from GARWOOD to FOX to CARLSON in violation of the NFA, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(e), and 5871.
- e. Knowingly and unlawfully possessed firearms, that is machineguns, in that the serial numbers on the machineguns were obliterated, removed, and changed while possessed by GARWOOD, FOX, and CARLSON, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(h), and 5871.
- f. Knowingly and unlawfully transferred firearms, that is machineguns, in that they were transferred delivered, and received in interstate commerce by GARWOOD, FOX, and CARLSON, and were not registered as required by the NFA, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(j), and 5871.
- g. Knowingly and unlawfully possessed and transferred machineguns, that is, M134G machineguns, in violation of Title 18, United States Code, Sections 922(o) and 924(a)(2).

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
[26 U.S.C. § 5861(d)]

Beginning on or about August 1, 2015, until on or about June 3, 2016, in the Western District of Texas, the Defendant,

TYLER CARLSON,

knowingly and unlawfully possessed firearms, that is machineguns, in that the machineguns were not registered to him in the National Firearms Registration and Transfer Record and CARLSON had not obtained approval to register the firearms, all in violation of Title 26, United States Code, Section 5841, 5845, 5861(d), and 5871.

NOTICE OF GOVERNMENT'S DEMAND FOR FORFEITURE
[26 U.S.C. § 5872]

As a result of the foregoing criminal violations, the United States of America gives notice that it intends to forfeit, but is not limited to, the below-listed properties from Defendants. Defendants shall forfeit all right, title, and interest in said properties to the United States pursuant to FED. R. CRIM. P. 32.2 and 26 U.S.C. § 5872, as made applicable to criminal forfeiture by 28 U.S.C. § 2461(c). Section 5872 states, in pertinent part, the following:

Title 26 U.S.C. § 5872. Forfeitures

(a) Laws applicable. - Any firearm involved in any violation of the provisions of this chapter shall be subject to seizure and forfeiture. . . .

This Notice of Demand for Forfeiture includes, but is not limited, to the following:

1. Complete minigun with unknown markings and no serial number, seized from Fox's residence on 2/8/2017;
2. Garwood Industries, Model M-134G, 7.62 caliber, rotor housing, SN: GI00269, seized from Fox's residence on 2/8/2017;

3. PCRC, Model M-134, 7.62 caliber, rotor housing, SN: PCRC0251, seized from Fox's residence on 2/8/2017;
4. Unknown manufacturer, unknown model, rotor housing, SN: none, seized from Fox's residence on 2/8/2017;
5. Unknown manufacturer, unknown model, rotor housing, SN: none, seized from Garwood's business on 5/18/2017;
6. Complete minigun with unknown markings and no serial number, seized from Garwood's business on 5/18/2017;
7. Unknown manufacturer, Model Mark 19, 40mm grenade launcher, SN: none, seized from Garwood's business on 5/18/2017;
8. Unknown manufacturer, unknown model, rotor housing, SN: none, seized from Garwood's residence on 5/18/2017; and
9. Any and all firearms, ammunition, and/or accessories involved in or used in the commission of the criminal offense.

JOHN F. BASH
UNITED STATES ATTORNEY

BY:


MICHAEL C. GALDO
Assistant United States Attorney

Sealed _____

Unsealed X

Personal Data Sheet

USAO# 2016R14151

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

RELATED CASE YES X NO

CASE NO. _____

County: Travis AUSTIN Division Judge: _____

Date: 04/11/2018 Mag Ct.# 1:17-MJ-577 SSN: _____ FBI#: _____

Case No.: _____ Assistant U. S. Attorney: Michael C. Galdo

Defendant: Tyler Carlson Date of Birth: REDACTED

Address: _____

Citizenship: United States Mexican Other

Interpreter Needed: Yes No Language _____

Defense Attorney: Bob Phillips & Joe Turner Employed _____

Address of Attorney: _____ Appointed _____

Defendant is: In Jail Where: _____

On Bond Amt. of Bond _____ Where: _____

Date of Arrest: _____ Bench Warrant Needed _____

Prosecution By: _____ Information X Indictment _____

Offense (Code & Description): Count 1 -- 18 USC 371: Conspiracy to Commit an Offense
 Count 2 -- 26 USC 5861(d): National Firearms Act (NFA) Machinegun violations

Offense Is: Felony X Misdemeanor _____

Maximum Sentence: Count 1 -- Up to 5 yrs imprisonment; \$250,000 fine; Up to 3 yrs TSR; \$100 Special Assessment
 Count 2 -- Up to 10 yrs imprisonment; \$10,000 fine; Up to 3 yrs TSR; \$100 Special Assessment

Penalty is Mandatory: Yes X No
 As to special assessment

Remarks: _____

Sealed _____

Unsealed X

Personal Data Sheet

USAO# 2016R14151

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

RELATED CASE YES X NO

CASE NO. _____

County: Travis AUSTIN Division Judge: Lane

Date: 04/11/2018 Mag Ct.# _____ SSN: _____ FBI#: _____

Case No.: _____ Assistant U. S. Attorney: Michael C. Galdo

Defendant: Michael Fox Date of Birth: REDACTED

Address: _____

Citizenship: United States X Mexican _____ Other _____

Interpreter Needed: Yes _____ No X Language _____

Defense Attorney: David Peterson Employed _____

Address of Attorney: _____ Appointed _____

Defendant is: In Jail _____ Where: _____

On Bond _____ Amt. of Bond _____ Where: _____

Date of Arrest: _____ Bench Warrant Needed _____

Prosecution By: _____ Information X Indictment _____

Offense (Code & Description): Count 1 -- 18 USC 371: Conspiracy to Commit an Offense

Offense Is: Felony X Misdemeanor _____

Maximum Sentence: Count 1 -- Up to 5 yrs imprisonment; \$250,000 fine; Up to 3 yrs TSR; \$100 Special Assessment

Penalty is Mandatory: Yes X No _____
As to special assessment

Remarks: _____

Sealed _____

Unsealed **X** _____

Personal Data Sheet

USAO# **2016R14151**

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS

RELATED CASE _____ YES _____ **X** NO

CASE NO. _____

County: **Travis** **AUSTIN** Division Judge: **Lane**

Date: **04/11/2018** Mag Ct.# _____ SSN: _____ FBI#: _____

Case No.: _____ Assistant U. S. Attorney: **Michael C. Galdo**

Defendant: **Tracy Garwood** Date of Birth: **REDACTED**

Address: _____

Citizenship: United States _____ Mexican _____ Other _____

Interpreter Needed: Yes _____ No _____ Language _____

Defense Attorney: **M. Jeffrey Beatrice** Employed _____

Address of Attorney: _____ Appointed _____

Defendant is: In Jail _____ Where: _____

On Bond _____ Amt. of Bond _____ Where: _____

Date of Arrest: _____ Bench Warrant Needed _____

Prosecution By: Information **X** Indictment _____

Offense (Code & Description): **Count 1 -- 18 USC 371: Conspiracy to Commit an Offense**

Offense Is: Felony **X** Misdemeanor _____

Maximum Sentence: **Count 1 -- Up to 5 yrs imprisonment; \$250,000 fine; Up to 3 yrs TSR; \$100 Special Assessment**

Penalty is Mandatory: Yes **X** No
As to special assessment

Remarks: _____