

From the Archives: **The Badges Tell the Story**

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1863 – 1882

Commissioner of Internal Revenue
Department of the Treasury

*A fascinating look at the history of ATF through
the perspective of badge changes.*

In the Beginning

Congress created the Office of Internal Revenue within the Department of the Treasury (1862) specifically to collect taxes, including highly lucrative tariffs on imported distilled spirits and tobacco products. By 1863, because tax evasion and organized crime activities had become so widespread, Congress authorized the hiring of three detectives to investigate and prosecute (alcohol) tax evaders. This act was the first coordinated effort between tax collection and law enforcement, and the three detectives were direct forerunners of today's ATF special agent. The "star" badge is believed to be the original issue of that era.



1920 – 1926

Prohibition Unit,
Bureau of Internal Revenue
Department of the Treasury

The 18th Amendment Splits the Country

On January 19, 1919, Congress ratified the 18th Amendment, banning the manufacture, sale and transport of alcoholic beverages. However, there were no provisional funds for anything beyond token enforcement.

Prohibition Agents (aka "Dry Agents") Emerge

Andrew Volstead, a leading Republican member of the House of Representatives, authored the National Prohibition Act, also known as the Volstead Act. The act, passed over President Woodrow Wilson's objections, affirmed and further specified the provisions of the 18th Amendment, delineated fines and prison terms for violation of the law, empowered the Bureau of Internal

Revenue to administer Prohibition and classified as alcoholic all beverages containing more than one-half of 1 percent alcohol by volume. Plans for the enforcement of the Act were drawn up and responsibility for policing the 18th Amendment was delegated to the Commissioner of Internal Revenue. On January 16, 1920, the country went dry.

Prohibition had little effect on America's thirst. Underground distilleries and saloons supplied bootlegged liquor to an abundant clientele, while gangsters fought to control illegal alcohol markets. The mayhem prompted the Department of the Treasury to strengthen its law enforcement capabilities. The Prohibition Unit was created and became the preeminent federal enforcement agency as Eliot Ness and his cadre of "untouchables" gained fame for their struggle against Al Capone and other bootleggers. The hiring of Prohibition agents began an unbroken line of descendants to today's ATF special agent.



1927 – 1930
Bureau of Prohibition
Department of the Treasury

Crime Fighters Emerge

In 1927, the Prohibition Unit, rewarded for its efforts against organized crime and corruption, became a separate and distinct Bureau of the Department of the Treasury. At its peak, the Bureau of Prohibition employed 4,300 people. Because Prohibition banned the commercial production of liquor, the regulatory and tax collecting functions largely disappeared. The jurisdiction was no longer revenue protection. As criminal syndicates gained control over the illegal liquor industry throughout the country, the new mission of the Bureau emerged: crime fighting. The Bureau targeted gangsters to suppress illicit trafficking.



1930 – 1933
Bureau of Prohibition
Department of Justice

Transfer to Justice

By 1930, the crime fighting mission began to conflict with the Treasury Department's philosophy of voluntary compliance with the laws. The crime-fighting activities of the Bureau of Prohibition were transferred to the Department of Justice and the Bureau remained there until 1933. The Department of the Treasury

created the Bureau of Industrial Alcohol to carry out the remaining regulatory activities.

The 21st Amendment Ends Prohibition

When Prohibition ended with the passage of the 21st Amendment 1933, the Federal Prohibition Bureau and its successor, the Alcoholic Beverage Unit, were dismantled. President Franklin Roosevelt issued an executive order consolidating all federal agencies enforcing and regulating the liquor industry into one entity. The reduced force of investigative agents rejoined their former colleagues in the Department of the Treasury under the supervision of a Deputy Commissioner of the Internal Revenue Service. This entity became the Alcohol Tax Unit (ATU).



1934 – 1951
Alcohol Tax Unit,
Bureau of Internal Revenue
Department of the Treasury

Era of Transition

Neither Prohibition's repeal nor the government's liquor enforcement resolved the country's illegal liquor problem. Repeal required the government to re-establish the legal

liquor industry. Registered distilleries that had legally operated prior to Prohibition had been dismantled or would require extensive repairs. Stocks of ready-for-sale whiskey were small—less than seven million gallons. However, bootleggers and moonshiners who had established enterprises during Prohibition not only had huge stocks of aged whiskey on hand, but also controlled the necessary resources to meet public demand.

“Revenooers”— The New Enforcers

Law enforcement was critical, not only to stamp out illegal alcohol production, but also to enforce alcohol tax collection. The new Alcohol Tax Unit faced grave problems. Corrupt local authorities could not be reformed overnight, and the public’s tolerance of liquor rackets resulted in lackluster prosecutors, complacent juries and lenient judges.

Crime syndicates continued operating illicit distilleries, but the Alcohol Tax Unit seized many plants in the first few months after its creation. With growing support from the public, the hard work of the Unit slowly began to pay off. The Unit managed to dismantle large liquor syndicates and the attitude of prosecutors, juries and courts began to change. Schemes to meet the demand for alcohol included counterfeiting Internal Revenue tax stamps, diverting denatured alcohol for beverage purposes and erecting and operating redistilling plants for alcohol production. Criminals became craftier, but so did agents. When faced with new criminal tactics, agents devised appropriate countermeasures.

Editor’s Note: The Office of Liaison has designed and commissioned the production of a “History of the Badge” lapel pin keepsake that will soon be made available to all ATF employees and retirees. Details relative to the pricing and ordering process will be announced via ATF Broadcast, and this newsletter, at a later date.

Gang Warfare Threatens Public Safety

Gangs battled viciously for control of underground distilleries and distribution networks. Machine-guns continued to be the weapon of choice. Gangsters killed each other on street corners, in social clubs and in restaurants. The massacres often resulted in the injury or death of innocent bystanders.

The public, once enthralled with glamorous gangsters, became disenchanted with the violence. Congress passed the National Firearms Act of 1934 (which obliged all importers, manufacturers and distributors of “gangster” type weapons to obtain a license, pay taxes, and report sales of such weapons) and the Federal Firearms Act of 1938 (which mandated the licensing and taxing of dealers of firearms and ammunition, marking the first enforcement responsibilities for firearms). The Alcohol Tax Unit assumed the enforcement of the criminal provisions of both acts, marking the first enforcement responsibilities for firearms.

The Alcohol Tax Unit gradually acquired additional functions such as regulating alcoholic beverages for consumer protection through labeling requirements, production standards, review of advertising materials and oversight of industry trade practices.

In 1951, the Bureau of Internal Revenue reorganized into the Internal Revenue Service. As a result, the Alcohol Tax Unit absorbed the Miscellaneous Tax Unit, which was responsible for collecting taxes on tobacco and the regulatory provisions of the National Firearms Act of 1934.



1952 – 1967
Alcohol & Tobacco Tax Division,
Internal Revenue Service
Department of the Treasury

Bootleggers, Moonshiners and Violent Crime

In 1952, the Internal Revenue Service consolidated the internal enforcement responsibilities of alcohol and tobacco under one unit, which became known as the Alcohol and Tobacco Tax Division.

Pursuing illegal liquor operations proved to be hazardous work. From 1934 through the 1960s, 17 investigators were killed and hundreds injured in hostile actions ranging from gunfire, to assault by violators, to high-speed automobile chases.

Campaign Against Sugar

Moonshiners posed their own set of challenges. These small, independent distillers operated outside syndicate groups and supplied whiskey to primarily local populations. The 1950s Preventative Raw Materials Program allowed agents to arrest moonshiners for possession of large quantities of sugar. A parallel campaign urged merchants to deny bulk sugar supplies to suspicious persons.

Moonshine Kills

Moonshine's poisonous punch is reflected in its nicknames: "white lightning," "head-buster" and "pop-skull." A Georgia ATF agent observed that "illicit producers sometimes add manure to make moonshine ferment faster, and we've found dead possums, rats, and vermin floating in mash vats." Moonshine-related deaths became a nationwide health issue in the 1960s, prompting a government-funded public service announcement campaign.

Assassinations and Gun Control

The passage of Title IV of the Omnibus Crime Control Act and the Gun Control Act of 1968 resulted from the assassinations of President John Kennedy, Senator (and former Attorney General) Robert Kennedy and civil rights leader Dr. Martin Luther King. The act imposed stricter licensing and regulation on the firearms industry, established new categories of firearms offenses and prohibited the sale of firearms and ammunition to felons and certain other prohibited persons.



1968 – 1971

Alcohol, Tobacco and Firearms
Division, Internal Revenue Service
Department of the Treasury

Foundations for the Modern ATF

The Alcohol and Tobacco Tax Division acquired new missions through such legislation as the Gun Control Act of 1968, Title VII of the Omnibus Crime Control and Safe Street Act of 1968 and Title XI of the Organized Crime Control Act of 1970 (imposed the first federal jurisdiction over destructive devices, including bombs, mines, grenades and other explosive devices). Investigations of firearms- and explosives-related crimes and the regulation of related industries became a higher priority within the Department of the Treasury. Congress delegated enforcement of the laws and regulations to the Alcohol and Tobacco Tax Division which, because of its expanded responsibilities in the firearms arena, became known as the Alcohol, Tobacco and Firearms Division (ATF).



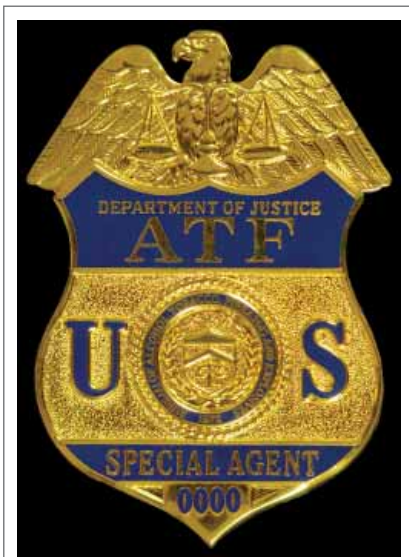
1972 – 2002

Bureau of Alcohol,
Tobacco and Firearms
Department of the Treasury

Birth of an Independent Bureau

Under the leadership of Director Rex Davis, ATF became an independent Bureau on July 1, 1972, and

reported directly to the Department of the Treasury's Office of Enforcement, Tariff and Trade Affairs, and Operations. This reflected important changes within ATF, moving from primarily the investigation of illicit alcohol to crimes involving firearms, explosives and arson. Over the next 3 decades ATF agents applied the ingenuity, experience and investigative techniques they had used in alcohol investigations toward pursuit of violent criminals who violated federal firearms, explosives, arson and tobacco laws.



2003 – Present

Bureau of Alcohol, Tobacco,
Firearms and Explosives
Department of Justice

ATF Returns to Justice

The September 11, 2001 terrorist attacks profoundly affected the lives of individual Americans, and transformed law enforcement across the nation. In 2003, the Homeland Security Act of 2002 transferred the law enforcement duties and responsibilities of the Bureau of Alcohol, Tobacco and Firearms (ATF), Department of the Treasury, to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) within the Department of Justice. ‡