

FIREARMS INSPECTION REPORT

Name:
Trade Name:
Address:

ATF

UI#: 785050-2007-0179-B1B
FEL#: **ATF**

1 - Introduction

Inspection Profile:

On 7/9/2007, Industry Operations Investigators **ATF**
ATF initiated an unannounced Federal Firearms
License compliance inspection of **ATF** doing business as **ATF**
ATF. The inspection covered ATF Forms 4473 from 8/1/2006 to
7/9/2007 and a full inventory of the licensee's firearms.

The following persons were present at the start of the inspection; criminal history and TECS checks were conducted, no prohibiting information was disclosed:

ATF

IOI **ATF** assisted with the inspection starting on 7/10/07.

Southwest Border Project secondary market weapons of choice information was not collected because the inventory was done prior to the distribution of the weapon of choice worksheet.

Business Profile:

From 8/1/2006 to 7/9/2007, the licensee has acquired **ATF** firearms and has disposed of **ATF** Title I firearms. **ATF** percent of the firearms are long guns, **ATF** are handguns. **ATF** percent of the licensee's firearms are used. Sales are conducted to the general public and law enforcement agencies. The licensee is contracted with the City of Phoenix to provided duty firearms to the Phoenix Police Department. The licensee also has contracts to provide firearms to the US State Department.

Since 8/1/2006 to 7/9/2007, the licensee has acquired **ATF** and disposed of **ATF** NFA firearms – including flash bangs; in the same time frame, the

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The licensee acquired **ATF** between June 2006 and February 2007. At the time of inspection, there were **ATF**

ATF

Firearms are acquired from **ATF**
ATF All sales are conducted at the business premises; the licensee does not attend gunshows.

The licensee participates in programs offered by Glock and Smith & Wesson that allow law enforcement and first responders to purchase firearms at a reduced price. The licensee is required by the manufacturers to obtain a photocopy of the purchasers' credentials as proof of the purchaser's eligibility to purchase the firearm at the reduced price. Mr. **ATF** stated that excise tax is paid on these firearms. The only time law enforcement agencies receive tax exempt firearms is when the firearms are shipped from the manufacturer to the department without passing through

ATF

The licensee provides self defense and concealed carry weapons permit classes for the general public. The licensee has two indoor shooting ranges that are used by the general public, club members, and persons qualifying for a State of Arizona Concealed Carry Weapons Permit. The licensee has an indoor shoot house used for training by law enforcement agencies.

The licensee also provides gunsmithing services. The gunsmiths are employed by the licensee and operated under the same license. The licensee also has a vault for storage of non-licensees' firearms. The licensee has sole dominion over the vault. When a non-licensee desires to shoot a stored firearm, it is retrieved and signed out by a vault attendant. The licensee is aware that an ATF F 4473 must be completed prior to a non-licensee permanently removing their firearm from the vault. The licensee maintains an A/D record to record the acquisition and permanent disposition of firearms from the storage vault.

The licensee is in possession of the following licenses:

Special Occupational Tax 2008: **ATF**
State of Arizona Transaction Privilege Tax License: **ATF**
City of Scottsdale Transaction Privilege Tax License: **ATF**
City of Scottsdale Alarm Permit: **ATF**
City of Scottsdale Second Hand License: **ATF**

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Maricopa County Environmental Operating Permit: **ATF**

ATF stated that the Maricopa County Environmental Operating Permit is required to ensure that the indoor shooting ranges are within environmental safety parameters for air quality and lead exposure.

Ownership & Control:

The licensee applied for a FFL on 7/25/2003. The Form 7 lists **ATF** **ATF** as the trade name. However, Block 6 of the application lists the applicant's business as a LLC. The FFL was incorrectly issued by ATF to **ATF** **ATF**. Prior to the inspection, **ATF** contacted IOI **ATF** who determined that the license was incorrectly issued. IOI **ATF** contacted the licensing center to notify them of the error. The licensing center updated the FFL to show **ATF** as the licensee and **ATF** as responsible persons on 2/21/2007.

Currently, **ATF** **ATF** (Exhibit 2), **ATF** land and building (Exhibit 3) and **ATF** operates the firearms business.

ATF is listed in the Federal Licensing System as being a responsible person for the license. **ATF** stated that he bought out **ATF**'s interest in the business and that **ATF** is no longer involved in the business. **ATF** submitted a letter to the licensing center on 9/17/07 requesting that **ATF** be removed as a responsible person. **ATF** was informed that **ATF** could continue operating under the current license until it expires in 9/2009 and **ATF** would have to apply for a new FFL at that time.

Variance:

The licensee does not have any active variances. The licensee is currently developing a computerized A/D program, but it is not in use. **ATF** stated that he is aware that he must submit for a variance prior to using the program. He expects that the program will be operational by late 2007.

2 - Recommendation

Recommend Warning Conference, Warning Letter, and No Recall Inspection based on the following:

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ATF the licensee failed to timely record acquisition and disposition information into the A/D record, in violation of 27 CFR 478.123 (**Violation 1**). After reconciliation, three Title I firearms were reported as a loss (**Exhibit 4**).

ATF involving one firearm, the licensee transferred a pistol to an out of state resident who provided the licensee with temporary military duty orders, in violation of 27 CFR 478.99 (**Violation 8**).

ATF the licensee transferred three firearms to three individuals who responded "yes" to ATF F 4473, blocks 11G and 11I, in violation of 27 CFR 478.99 (**Violation 8**). Criminal history checks disclosed no prohibiting information for the three purchasers.

ATF the licensee failed to maintain four ATF Fs 4473 documenting the disposition of four firearms to four non-licensees, in violation of 27 CFR 478.129(b) (**Violation 12**). The licensee provided sales invoices to document the dispositions (**Referrals 12-15**). Criminal history checks disclosed no prohibiting information for the four purchasers. Additionally, the licensee was cited for failing to conduct four National Instant Criminal Background Checks, in violation of 27 CFR 478.102(a) (**Violation 13**).

The licensee does not have a compliance history. During the inspection, the licensee, without being asked, corrected incomplete entries in the A/D record and took steps to become compliant when deficiencies were noted. Also, the licensee failed to distribute Youth Handgun Safety Act pamphlets to purchasers of pistols and / or revolvers. When informed of this requirement, the licensee immediately began putting the pamphlets in pistols and revolver cases prior to the firearms being displayed.

The licensee is currently using bound A/D books and a computerized A/D record for internal inventory control. The licensee failed to reconcile their computerized A/D record with the A/D books. The licensee is developing a computerized A/D record which will be submitted with a variance request to be used in place of the bound A/D books.

The licensee transferred one pistol to an out of state resident. The purchaser provided the licensee with temporary duty orders while he was in Arizona for military duty. During the closing conference, **ATF** stated that he thought that any military orders were sufficient to establish residency. He was informed that only permanent duty orders are acceptable to establish residency.

3 - Inspection History

ATF does not have a compliance history. A Federal Firearms License

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application inspection was conducted on 8/26/03. The area office file does not contain an Acknowledgement of Federal Firearms Regulations from that inspection. **ATF** from 8/2003 to 9/2006 when it expired.

ATF (out of business FFLs: **ATF** area office file contains an Acknowledgement of Federal Firearms Regulations that was signed by **ATF** **ATF** on 5/9/2002 (Exhibit 7). However, the ATF inspector faxed the acknowledgement to them and asked them to sign and return it. There is no indication that the regulations were reviewed with them. The file also contains an acknowledgement signed by a former member of **ATF** 2/4/2000 and the inspection report notes that **ATF** was present during the acknowledgement review in 2000. The area office file does not contain any documentation that a compliance inspection was conducted on **ATF**

4 - Internal Controls Evaluation

ATF stated that inventories are conducted four times a year. Employees receive training on how to complete ATF F 4473 prior to being allowed to conduct firearm sales. ATF Forms 4473 are reviewed for completeness every night by a manager. As a result of the compliance inspection, the licensee will have a training session for the employees to ensure that 4473s are accurately completed.

Report of Multiple Sale of Pistols and or Revolvers are completed immediately after the transaction occurs. Multiple sales that occur on different days are reported by **ATF**. He is able to track them as he records the disposition information into the computerized spreadsheet and A/D record from ATF F 4473. However, the licensee failed **ATF** to report the multiple sales of 28 pistols and or revolvers.

5 - Acquisition & Disposition (A&D) Record - Inventory

A full inventory was conducted. The licensee keeps multiple bound A/D books: **ATF**. In total, there were **ATF** firearms in inventory and **ATF** open A/D entries. The inventory disclosed that on **ATF** the licensee failed to timely record the disposition of **ATF** firearms and **ATF** occasions, the licensee failed to timely record the acquisition **ATF** firearms.

The licensee failed to enter complete acquisition and disposition information in the A/D records; ditto marks were used in place of the complete information. After the licensee was informed of the requirement to enter complete information into the A/D record, the licensee, without being asked to do so,

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corrected the entries in the A/D records. The licensee was not cited for failure to enter complete information into the A/D records.

TITLE I A/D

The A/D record for Title I firearms contained **ATF** open entries. There were **ATF** firearms in inventory, resulting in a discrepancy of **ATF** un-reconciled open entries.

ATF the licensee failed to timely record the disposition **ATF** firearms into the A/D record. The licensee was cited under 27 CFR 478.123(a) (**Violation 1 and Worksheet 2**).

On **ATF** untimely dispositions, the licensee failed to complete ATF Fs 4473 to document the disposition **ATF** firearms. The licensee was cited under 478.129(b) (**Violation 12 and Worksheet 2**). Additionally, the licensee was cited under 478.102(a) for failure to conduct four background checks via the National Instant Criminal Background Check System prior to transferring four firearms to four non-licensees (**Violation 13**). The licensee has sent certified letters to the purchasers requesting that they return to the store and complete ATF F 4473. Referrals of Information were generated for the four non-licensees to ensure that they are not prohibited from possessing firearms (**Referrals 12-15**). One of the non-licensees (**Referral 15**) gave his firearm to the licensee to sell for him on consignment. When the firearm did not sell, the licensee returned the firearm to the non-licensee. Criminal history checks disclosed no prohibiting information for the four non-licensees.

On **ATF** the licensee could not locate three firearms. The licensee filed ATF F 3310.11, "Federal Firearms Licensee Firearms Inventory Theft / Loss Report", on 8/22/07; incident number: F20070002092 (**Exhibit 4**). None of the three firearms have been traced.

ATF the licensee failed to accurately record the serial numbers of two firearms into the A/D record. The licensee was cited under 27 CFR 478.123(a) (**Violation 1 and Worksheet 2**).

The licensee wrote "(R)" [rental] in the serial number blocks in the A/D record to designate firearms that are available for the public to rent and use at the licensee's shooting range. **ATF** stated that this was done because the licensee acquires these firearms at a discount rate from manufacturers and must return the firearms to the manufacturers when the licensee no longer rents them. The licensee was instructed that only the firearms' serial numbers may be written in the A/D record, but the licensee may mark the firearm as a rental outside of the required A/D record fields. The licensee was not cited for writing "(R)" in the serial number field.

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One open entry in the A/D record was determined to be for a Springfield Armory firearm that the licensee never received. The licensee contacted Springfield Armory who verified that they did not ship the firearm to the licensee (**Exhibit 6 and Worksheet 1**). IOI **ATF** contacted Springfield Armory via email to confirm that the firearm was never shipped to the licensee. Springfield Armory replied that the firearm was defective and remained at their facility (**Exhibit 6**). IOI **ATF** asked the licensee why an entry was made into the A/D record for a firearm that was never received. **ATF** stated that they frequently receive firearms from manufactures that do not match the serial numbers on the invoice or case. The serial number was mistakenly taken from the case or invoice and not the firearm. The licensee was not cited for this entry.

ATF

ATF

Gunsmith A/D Record

The gunsmith A/D record contained **ATF** open entries. There were **ATF** firearms in inventory; one firearm was not timely disposed of in the A/D record. The licensee was cited under 27 CFR 478.123(a) for failure to timely record the disposition of one firearm in the A/D record (**Violation 1 and Worksheet 2**).

Gun Vault A/D Record

The gun vault A/D record contained **ATF** open entries. There were **ATF** firearms in inventory; one firearm was not logged into the A/D record. The licensee was cited under 27 CFR 478.123(a) for failure to timely record the acquisition of one firearm (**Violation 1 and Worksheet 2**).

6 - ATF Forms 4473 – NICS & Other Dispositions

The licensee had **ATF** ATF Forms 4473 on file from 8/1/2006 to 7/9/2007. The forms were ordered by transaction numbers generated by the licensee. To review two hundred forms plus 10% of the remaining difference of ATF Fs 4473, for a total of **ATF** forms, every **ATF** ATF Fs 4473 were reviewed. The following violations were cited:

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ATF the licensee failed to ensure that ATF F 4473, blocks 24, 25, 33, and 35 were accurately completed. The licensee was cited under 27 CFR 478.21(a) (**Violation 2, Worksheet 2, and Exhibits 5A & 5B**).

ATF the licensee failed to ensure that ATF F 4473, blocks 2, 11K, 11L, and 14 were accurately completed. The licensee was cited under 27 CFR 478.124(c)(1) (**Violation 3, Worksheet 2, and Exhibits 5C & 5D**).

ATF the licensee failed to ensure that ATF F 4473, block 20A, was accurately completed. The licensee was cited under 27 CFR 478.124(c)(3)(i) (**Violation 4, Worksheet 2, and Exhibit 5E**).

ATF the licensee failed to ensure that ATF 4473, blocks 20B, was accurately completed. The licensee was cited under 27 CFR 478.124(c)(3)(ii) (**Violation 5, Worksheet 2, and Exhibit 5F**).

ATF the licensee failed to ensure that ATF F 4473, blocks 21B-D, were accurately completed. The licensee was cited under 27 CFR 478.124(c)(3)(iv) (**Violation 6, Worksheet 2, and Exhibits 5A, 5G, & 5H**).

ATF the licensee failed to ensure that ATF F 4473, blocks 34 and 36, were accurately completed. The licensee was cited under 27 CFR 478.124(c)(5) (**Violation 7, Worksheet 2, and Exhibit 5B**).

ATF involving one firearm, the licensee transferred a pistol to an out of state resident. The purchaser of the pistol is a resident of Maryland who provided the licensee with a copy of his Air Force temporary duty orders which placed him on active duty in Arizona from 11/26/06 to 12/18/06. The purchase of the pistol occurred on 12/14/06. The licensee was cited under 27 CFR 478.99 (**Violation 8, Worksheet 2, and Exhibit 5J**).

ATF the licensee transferred firearms to three non-licensees who responded "yes" to prohibiting question blocks 11G and 11I. The licensee was cited under 27 CFR 478.99 (**Violation 8, Worksheet 2, and Exhibits 5K, 5L, & 5M**). National Instant Criminal Background Checks were conducted again on these purchasers on 7/26/2007, all three received "proceed" responses. **ATF**

ATF violations of 27 CFR 478.99 occurred when two purchasers responded "yes" to being dishonorably discharged from the military. A request for military discharge records showed that neither purchaser was dishonorably discharged.

IOI **ATF** observed that the licensee failed to file ATF Forms 4473 with a "denied" NICS response separately from "proceed" 4473s. The licensee was instructed file "denied" 4473s separately and cited under 27 CFR 478.129(b) (**Violation 12**).

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ATF National Instant Criminal Background Check Transaction Numbers were verified from ATF Forms 4473 to the NICS Audit Log. No discrepancies were disclosed.

7 - Suspicious/Prohibited Purchasers

The following people were identified as suspicious purchasers (see '11 - Referrals'):

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8 - Trace Activity

The license has received **ATF** requests from 7/10/06 to 4/11/07; all were successfully completed. There are no unsuccessful trace requests.

9 - Multiple Sales

The licensee has reported **ATF** multiple sales from 7/10/06 to 4/11/07.

ATF the licensee failed to complete ATF F 3310.4, "Report of Multiple Sale or Other Disposition of Pistols and or Revolvers". The licensee was cited under 27 CFR 478.126a (**Violation 9, Worksheet 2**).

10 - NFA/Importer/Collector/Manufacturer

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11 - Referrals

The following Referrals of Information were generated:

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12 - Other

IOI **ATF** observed that the licensee did not have the Youth Handgun Safety Act poster displayed in a conspicuous location. The licensee had Youth Handgun Safety Act pamphlets, but was not providing them to purchasers of pistols or revolvers. The licensee was provided with a Youth Handgun Safety Act poster and instructed to provide the pamphlets to purchasers of pistols or revolvers. The licensee was cited under 27 CFR 478.103(a) for failing to deliver pamphlets to non-licensees (**Violation 10**) and 27 CFR 478.103(d) for failing to display the poster (**Violation 11**). The licensee was provided with posters. The posters were displayed by the licensee. The licensee immediately began distributing the pamphlets to purchasers of pistols and / or revolvers.

The licensee is providing trigger or cable locks to purchasers of pistols and / or revolvers, in compliance with 18 U.S.C. 922(z).

13 - Closing Actions

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A closing conference was held on 9/17/2007. IOI Kempa reviewed the Report of Violations with **ATF** which he signed and dated. The Acknowledgement of Federal Firearms Regulations was also reviewed with **ATF** which he signed and dated. He was provided with copies of the ROV and Acknowledgement.

14 - Violations

1. 27 CFR 478.123(a)

Title I A/D Record

ATF the licensee failed to record the disposition of 70 firearms into the A/D record (**Worksheet 1**). An additional three firearms were reported as a loss (**Exhibit 4**).

Corrective Action: The licensee must ensure that the acquisition and disposition of firearms are timely recorded into the A/D record.

Licensee Response: The licensee recorded the disposition of the firearms into the A/D record.

ATF the licensee failed to accurately record the serial numbers of two firearms into the A/D record (**Worksheet 1**).

Corrective Action: The licensee must ensure that firearm information is accurately recorded into the A/D record.

Licensee Response: The licensee accurately recorded the serial numbers of two firearms in the A/D record.

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A/D record.

ATF

Gunsmith A/D Record

ATF the licensee failed to record the disposition of one firearm in the A/D record (**Worksheet 1**).

Corrective Action: The licensee must ensure that dispositions of firearms are timely recorded into the A/D record.

Licensee Response: The licensee immediately recorded the disposition of one firearm into the A/D record upon discovery of the discrepancy.

Gun Vault A/D Record

ATF the licensee failed to record the acquisition of one firearm into the A/D record (**Worksheet 1**).

Corrective Action: The licensee must ensure that acquisitions of firearms are timely recorded into the A/D record.

Licensee Response: The licensee immediately recorded the acquisition of one firearm into the A/D record upon discovery of the discrepancy.

2. 27 CFR 478.21(a)

ATF the licensee failed to ensure that ATF F 4473, blocks 24, 25, 33, and 35 were accurately completed (**Worksheet 2, Exhibits 5A & 5B, and ROV**).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately completed.

Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

3. 27 CFR 478.124(c)(1)

ATF the licensee failed to ensure that ATF F 4473, blocks 2, 11K, 11L, and 14 were accurately completed (**Worksheet 2, Exhibits 5C & 5D, and ROV**).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately

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completed.

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Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

4. 27 CFR 478.124(c)(3)(i)

ATF the licensee failed to ensure that ATF F 4473, block 20A, was accurately completed (**Worksheet 2, Exhibit 5E, and ROV**).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately completed.

Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

5. 27 CFR 478.124(c)(3)(ii)

ATF the licensee failed to ensure that ATF F 4473, block 20B, was accurately completed (**Worksheet 2, Exhibit 5F, and ROV**).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately completed.

Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

6. 27 CFR 478.124(c)(3)(iv)

ATF the licensee failed to accurately completed ATF F 4473, blocks 21B-D (**Worksheet 2, Exhibits 5A, 5G, & 5H, and ROV**).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately completed.

Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

7. 27 CFR 478.124(c)(5)

ATF the licensee failed to accurately complete ATF F 4473,

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blocks 34 and 36 (Worksheet 2, Exhibit 5B, and ROV).

Corrective Action: The licensee must ensure that ATF F 4473 is accurately completed.

Licensee Response: The licensee has started having two clerks review ATF F 4473 prior to transferring a firearm. The forms are reviewed again by a manager every night.

8. 27 CFR 478.99

ATF involving one firearm, the licensee transferred a pistol to a resident of Maryland on 12/14/06. The Maryland resident was a member of an Air Force unit on temporary duty in Arizona from 11/26/06 to 12/18/06 (Worksheet 2, Exhibit 5J, and ROV).

ATF the licensee transferred firearms to three non-licensee who responded "yes" to prohibiting questions, blocks 11G and 11I, on ATF F 4473. National Instant Criminal Background Checks were conducted on the purchasers again on 7/26/07; all three received "proceed" responses (Worksheet 2, Exhibits 5K, 5L, & 5M, and ROV).

Corrective Action: The licensee must ensure that pistols and revolvers are only transferred to Arizona residents. The licensee must not transfer a firearm to an individual who responds "yes" to a prohibiting question.

Licensee Response: The licensee stated that they thought that a member of the military was considered a resident of Arizona if they had duty orders in that state. The licensee was informed that temporary duty orders do not allow an individual to be treated as a resident of Arizona under the Gun Control Act.

9. 27 CFR 478.126a

ATF the licensee failed to complete ATF F 3310.4, "Report of Multiple Sales or Other Disposition of Pistols and or Revolvers" (Worksheet 2).

Corrective Action: The licensee must report the multiple sales for the 28 firearms and ensure that multiple sales are timely reported.

Licensee Response: The licensee stated that they will report the multiple sales.

10. 27 CFR 478.103(a)

The licensee failed to deliver Youth Handgun Safety Act pamphlets when a

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pistol or revolver was transferred to a non-licensee.

Corrective Action: The licensee must ensure that the pamphlet is provided to all non-licensees who acquire pistols or revolvers from the licensee.

Licensee Response: The licensee has put the pamphlets in every pistol and revolver case to ensure that non-licensees receive the pamphlet.

11. 27 CFR 478.103(d)

The licensee failed to post the Youth Handgun Safety Act poster in a conspicuous location.

Corrective Action: The licensee was provided with the Youth Handgun Safety Act poster and posted it conspicuously.

Licensee Response: The licensee immediately displayed the poster.

12. 27 CFR 478.129(b)

ATF he licensee failed to maintain four ATF Fs 4473 to document the disposition of four firearms to non-licensees (Worksheet 2).

Corrective Action: The licensee must maintain ATF Fs 4473 where a firearm is transferred to a non-licensee for at least 20 years.

Licensee Response: Upon discovery that ATF Fs 4473 were not maintained, the licensee contacted the purchasers and asked them to return to the store to complete an ATF F 4473. The licensee also provided IOI Kempa with invoices documenting the disposition of the firearms to the non licensees (Referrals 12, 13, 14, and 15) **ATF** understood that maintaining 4473s provides documentation that background checks were completed on purchasers prior to transferring firearms to non-licensees. Criminal history checks disclosed no prohibiting information for the four purchasers.

The licensee failed to file ATF Forms 4473 with a "denied" NICS response separately from "proceeded" 4473s.

Corrective Action: The licensee was instructed to separately file "denied" 4473s from "proceeded" 4473s.

Licensee Response: **ATF** stated that he was unaware of this requirement and will immediately file the forms separately.

13. 27 CFR 478.102(a)

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ATF the licensee failed to conduct required background checks via the National Instant Criminal Background Check System prior to transferring four firearms to four non-licensees.

Corrective Action: The licensee must ensure that every non-licensee completes an ATF F 4473 and undergo a background check prior to receiving a firearm.

Licensee Response: The licensee sent certified letters to the non-licensee requesting that they return to the store and complete ATF F 4473.

	Industry Operations Investigator	7/26/2007
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	Industry Operations Investigator	7/26/2007
Signature	Title	Date of Report

Index of Worksheets and Exhibits

Report of Violations

Acknowledgement of Federal Firearms Regulations

Worksheet 1: A/D Review

Worksheet 2: ATF F 4473 Review

Exhibit 1:

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Exhibit 2:

Exhibit 3: Maricopa County Assessor's Document

Exhibit 4: ATF F 3310.11, "Federal Firearms Licensee Firearms Inventory Theft / Loss Report

Exhibit 5:

ATF

Exhibit 6:

Exhibit 7: Acknowledgement of Federal Firearms Regulations:

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Referral 1: 2007-0109,

Referral 2: 2007-0110,

Referral 3: 2007-0111,

Referral 4: 2007-0112,

Referral 5: 2007-0125,

Referral 6: 2007-0126,

Referral 7: 2007-1027,

Referral 8: 2007-0128,

Referral 9: 2007-0129,

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Referral 10:
Referral 11:
Referral 12:
Referral 13:
Referral 14:
Referral 15:
Referral 16:
Referral 17:

ATF

DATE: 1/22/2008

DIVISION: Phoenix

FIELD OFFICE: Phoenix III Area Office

CASE/UI NUMBER: 785050-2007-0179-B1B

SPECIAL AGENT/INSPECTOR: ATF

TELEPHONE NUMBER: ATF

SYNOPSIS OF INCIDENT/ACTIVITY INSPECTION: Alternate Recommendation;
Warning Conference held in lieu of Revocation.

ATF

Compliance History

- * The licensee does not have a compliance history.
- * The responsible person was also a responsible person under the out of business FFL ATF which also does not have a compliance history.

July 2007 Inspection (8/1/06 through 7/9/06)

- * Failure to record the disposition of 75 firearms into the A/D record.
- * Failure to record the acquisition of four firearms into the A/D record.
- * Failure to record the information required on ATF F 4473 on 25 forms.
- * Transfer of one pistol to an out of state non-licensee. The FFL accepted temporary duty orders from the non-licensee. ATF the licensee transferred firearms to three non-licensees who responded "yes" to ATF F 4473, blocks 11G and 11I. NICS re-checks proceeded all three purchasers.
- * The licensee failed to complete four ATF Fs 4473 prior to transferring firearms to non-licensees. The licensee was able to provide sales invoices to document the disposition of the firearms.
- * The licensee failed to maintain "denied" ATF Fs 4473 from "proceeded" ATF Fs 4473.
- * The licensee failed to complete ATF F 3310.4, "Report of Multiple Sales or Other Disposition of Pistols and or Revolvers" on ATF involving 28 firearms.
- * The licensee failed to post the Youth Handgun Safety Act Poster and failed to provide Youth Handgun Safety Act Pamphlets to handgun purchasers.
- * Warning Conference held on 1/22/2008.

Basis for Alternate Recommendation

- * The licensee does not have a compliance history.
- * The licensee was very responsive with correcting deficiencies. The licensee has adopted additional measures to ensure that ATF F 4473 is accurately completed. The manager is now required to review every form and new employees receive

training on how to accurately complete ATF F 4473.

- * The alternate recommendation was reviewed by ATF Counsel [ATF]. He concurred with the alternate recommendation and noted that the licensee is a

[ATF]

time of inspection). Also, the number of ATF F 4473 violations was small when the licensee's volume is taken into consideration [ATF]

[ATF]

Additional Information

- * The licensee had [ATF] trace requests from 7/2006 to 4/2007, all were successfully completed by the licensee. There are no outstanding trace requests.

[ATF]

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Repeat of Violation cited on 7/9/2007.

6 - ATF Forms 4473 – NICS & Other Dispositions

The licensee had 7,999 ATF Forms 4473 on file from 8/17/2009 to 8/16/2010. The forms were maintained in order by a transaction number generated by the licensee. The licensee follows appropriate procedures when transferring firearms to other licensees and follows proper procedures when transferring firearms to law enforcement agencies. FFL Audit Log verification of one hundred twenty seven (127) NICS Transaction Numbers revealed no discrepancies. All 7,999 forms were reviewed, and the licensee was cited for the following:

27CFR 478.21(a): Licensee failed to ensure that transferee was the actual buyer of firearm(s) on **ATF** Licensee failed to indicate type(s) of firearm(s) to be transferred on one form. Licensee failed to ensure transferee completed boxes 24 and 25 (recertification) on one form. Licensee failed to complete boxes 33 and 35 on ATF Forms 4473 after transactions were denied on twenty six (26) forms. Violation 1, Worksheet 2, Exhibit 5a.
Repeat of Violation cited on 7/9/2007.

27CFR 478.99(c): Licensee failed to ensure that transferee was not prohibited from possessing a firearm on **ATF** occasion. Specifically, on one form transferee answered "yes" to question 11i on ATF Form 4473. NICS Re-check was conducted and no prohibiting information was discovered regarding transferee. Transferee was run through Open Fox and no prohibiting information was revealed. Violation 2, Worksheet 2, Exhibit 5b.
Repeat of Violation cited on 7/9/2007.

27CFR 478.124(c)(1): Licensee failed to ensure that transferee provided all required information in Section A of ATF Forms 4473 **ATF** occasions. Specifically, on one form Item 11k was left blank, on one form item 11l was left blank, and on one form items 16 and 17 were left blank. Violation 3, Worksheet 2, Exhibit 5c.
Repeat of Violation cited on 7/9/2007.

27CFR 478.124(c)(3)(iv): Licensee failed to document the response initially provided by NICS on ATF Forms 4473 **ATF** occasions. Violation 4, Worksheet 2, Exhibit 5d.
Repeat of Violation cited on 7/9/2007.

27CFR 478.124(c)(5): Licensee failed to complete box 34 on ATF Forms 4473

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Address:

ATF

1 - Introduction

Inspection Profile:

On 8/17/2010, Industry Operations Investigators ATF and ATF initiated an unannounced Federal Firearms License compliance inspection on ATF. The compliance inspection was conducted to ensure that the licensee is in compliance with all ATF regulations. The inspection covered ATF Forms 4473 from 8/17/2009 to 8/16/2010 as well as a full inventory of the licensee's firearms.

The following persons were present during the inspection. Criminal history and TECS checks were conducted resulting in no prohibiting information:

ATF

IOI's ATF and ATF also assisted with the inspection.

Business Profile:

ATF to the general public as well as to law enforcement agencies. The licensee also provides gunsmithing services and provides self defense classes and concealed carry (CCW) permit classes for the general public. The licensee has two indoor shooting ranges that are used by the general public, club members, and persons qualifying for Arizona CCW permits. The licensee also has an indoor shoot house used for training by law enforcement agencies.

From 8/17/2009 to 8/16/2010, the licensee has acquired ATF ATF Title I firearms and has disposed of ten ATF Title I firearms. Approximately sixty five percent of the firearms are long guns and ATF percent are handguns. Less than ATF percent of the licensee's firearms are used. Sales are conducted to the general public and law enforcement agencies. The

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licensee is contracted to supply firearms to the Phoenix and Glendale Police Departments.

Between 8/17/2009 to 8/16/2010, the licensee acquired **ATF**
ATF and disposed of **ATF**

ATF

ATF

Firearms are acquired from **ATF**
ATF All sales are conducted
at the business premises as the licensee does not attend gun shows.

The licensee participates in programs offered by Glock and Smith & Wesson that allow law enforcement and first responders to purchase firearms at reduced prices. The licensee is required by the manufacturers to obtain a photocopy of the purchasers' credentials as proof of eligibility for the reduced prices.

The licensee has a vault for the storage of of non-licensees' firearms. When a non-licensee desires to shoot a stored firearm, it is retrieved and signed out by a vault attendant. The licensee maintains a separate Acquisition and Disposition record to record the acquisition and permanent disposition of firearms from the storage vault.

The licensee is in possession of the following licenses:

- City of Scottsdale Second Hand/Pawn license: **ATF**
- City of Scottsdale Alarm User Permit: **ATF**
- City of Scottsdale Certificate of Occupancy: **ATF**
- Arizona Transaction Privilege Tax (TPT) license: **ATF**
- City of Scottsdale TPT license: **ATF**
- 2011 NFA Special Occupational Taxpayer Control: **ATF**

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ATF

Ownership & Control:

ATF

responsible person listed in Federal Licensing Center database. No responsible persons have been added to the license and there is no indication of hidden ownership.

Variance:

The licensee holds a variance to maintain computerized acquisition and disposition records. The licensee holds no other variances and none were requested as a result of this inspection.

2 - Recommendation

Violations Warning Letter Only and No Recall Inspection. The licensee failed to complete boxes 33-35 ATF ATF Forms 4473 on ATF forms. ATF forms were all "denied" transactions and the licensee was not aware that denied forms were required to be signed. No firearms were transferred in relation to these forms. ATF the licensee failed to initiate a new NICS check when the transactions were not completed within the 30-day period from the date NICS was initially contacted. Concerning each the remaining 4473 violations, the licensee had between one and three instances cited.

Although there were several repeat violations, the licensee has shown significant improvement in all areas, and one of the two missing items was recorded in the dealer transfer book, which was not reviewed during the previous inspection.

3 - Inspection History

IOI ATF conducted a compliance inspection on 7/9/2007. The licensee was cited for the following violations:

27CFR 478.21(a): ATF the licensee failed to ensure that ATF F 4473, blocks 24, 25, 33, and 35 were accurately completed.

27CFR 478.124(c): ATF the licensee failed to ensure that ATF F 4473, blocks 2, 11k, 11L, and 14 were accurately completed.

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27CFR 478.124(c)(3)(i): **ATF** the licensee failed to ensure that ATF F 4473, block 20a was accurately completed.

27CFR 478.124(c)(3)(ii): **ATF** the licensee failed to ensure that ATF F 4473, block 20b was accurately completed.

27CFR 478.124(c)(3)(iv): **ATF** the licensee failed to ensure that ATF F 4473, blocks 21B-D were accurately completed.

27CFR 478.124(c)(5): **ATF** the licensee failed to ensure that ATF F 4473, blocks 34 and 36 were accurately completed.

27CFR 478.99: **ATF** the licensee transferred a pistol to an out of state resident. **ATF** the licensee transferred firearms to three individuals who responded "yes" to prohibiting questions, blocks 11g and 11i on ATF F 4473.

27CFR 478.126a: **ATF** the licensee failed to complete ATF F 3310.4, Report of Multiple Sales or Other Disposition of Pistols and or Revolvers.

27CFR 478.103(a): The licensee failed to deliver a Youth handgun Safety Act pamphlet when a pistol or revolver was transferred to a non-licensee.

27CFR 478.103(d): The licensee failed to post the Youth Handgun Safety Act poster in a conspicuous location.

27CFR 478.129(b): The licensee failed to file ATF Forms 4473 with a "denied" NICS response separately from "proceeded" 4473's.

27CFR 478.102(a): **ATF** the licensee failed to conduct required background checks via the National Instant Criminal Background Check System prior to transferring four firearms to four non-licensees.

The Acknowledgement of Federal Firearms Regulations was signed by **ATF** **ATF** and is on file. A warning conference was held on January 22, 2008.

A Federal Firearms License application inspection was conducted on 8/26/03. The area office file does not contain an Acknowledgement of Federal Firearms Regulations from that inspection. The licensee also held a **ATF** **ATF** from 8/2003 until it expired in 9/2006.

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4 - Internal Controls Evaluation

IOI **ATF** discussed internal controls with **ATF**. The premises is monitored by an alarm system with motion sensors and video cameras. Access to certain areas of the store is restricted. **ATF** stated that inventories are conducted every three months and the last inventory was conducted in June, 2010. IOI **ATF** discussed the importance of conducting inventories to account for all firearms and open dispositions. The licensee is completing ATF F 3310.4 (Multiple Sale of Hand guns). The licensee does not conduct business at gun shows. The licensee is aware of the reporting requirements for firearm thefts and/or losses.

As a result of the previous compliance inspection, the licensee has implemented a delay system for 4473's so that multiple sales would be reported as required. All employees are now trained on how to correctly and accurately complete ATF Forms 4473 prior to being allowed to conduct firearm sales.

5 - Acquisition & Disposition (A&D) Record - Inventory

A full inventory was conducted. The licensee maintains multiple bound A&D books: Title I, **ATF** Gunsmithing, Gun Vault, and Dealer Transfer. The Title I and **ATF** are computerized while the Gunsmithing, Gun Vault, and Dealer Transfer books are not. All A&D records were in the proper format and all required information was included and accurate. The licensee did not submit any theft/loss reports during the inspection period. FFL Audit Log verification of one hundred twenty seven (127) NICS Transactions Numbers revealed no discrepancies. It should be noted that the dealer transfer book was not inspected during the last compliance inspection, and contained one missing firearm that preceded that inspection. In total, there were **ATF** **ATF** firearms in inventory and **ATF** open entries. The inventory disclosed that, on **ATF** the licensee failed to record the acquisition of firearms and on **ATF** the licensee failed to timely record the disposition of firearms. The licensee was cited for following:

27 CFR 478.123: The licensee failed to enter the acquisition of firearms by the close of the next business day in **ATF** and failed to enter complete disposition information in **ATF**. ATF Forms 4473 were provided for reconciliation. After reconciliation, two (2) firearms were determined to be missing. The licensee submitted ATF Forms 3310.11 on 9/22/2010 and 9/27/2010. The licensee immediately entered the correct acquisition and disposition information into the A&D record. Violation 8, Worksheet 1, Exhibit 4.

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after transactions were denied on twenty six (26) forms. Violation 5, Worksheet 2, Exhibit 5a.

Repeat of Violation cited on 7/9/2007.

27CFR 478.102(c): Licensee failed to initiate a new NICS check before transferring a firearm after the transfer was not completed within a thirty day period following the initial NICS check **ATF** (SGC 48337, 41584LE). Violation 7, Worksheet 2, Exhibit 5e.

Repeat of Violation cited on 7/9/2007.

7 - Suspicious/Prohibited Purchasers

The following individuals were identified as suspicious purchasers (see '11-Referrals"):

ATF

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ATF

8 - Trace Activity

FFL Trace History revealed **ATF** successful trace requests over the last twelve months. IOI **ATF** perfected **ATF** of the open traces **ATF** and submitted the same to the National Tracing Center (NTC). The licensee sent a response for the third open trace **ATF** to NTC on 8/17/2010. A sample of forty six (46) secondary marker firearms was queried through E-Trace and NCIC. Zero firearms had been traced or reported as suspect or stolen firearms.

9 - Multiple Sales

The licensee has reported **ATF** multiple sales involving **ATF** firearms from August 10, 2009 and August 10, 2010.

The licensee failed to complete ATF Form 3310.4 (Multiple Sale or Other Disposition of Pistols and/or Revolvers) after transferring two or more handguns to non-licensee's **ATF** occasions involving three firearms. The licensee submitted the ATF Forms 3310.4 during this inspection. The licensee was cited for violation of 27 CFR 478.126a (Violation 6, Worksheet 2, Exhibit 2).

10

ATF

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ATF

11 - Referrals

The following Referrals of Information were generated:

ATF

12 - Other

In accordance with the Industry Operations Component of the Southwest Border Initiative, this retailer had been identified as receiving Southwest Border Initiative weapons of choice. As a result, several there was a request in the file to verify that a total of two hundred forty seven (247) weapons were recorded as acquisitions in the licensee's A&D record and that they were properly disposed of if they are no longer in inventory. As requested, all of the firearms identified on the reports were verified as being entered in the licensee's A&D record and were either still in inventory or properly disposed of.

The licensee has a Youth Handgun Safety Act poster displayed. The licensee also provides child safety locks on all handguns transferred to non-licensees as

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ATF

13 - Closing Actions

A closing conference was held on 9/21/2010. IOI [ATF] reviewed the Report of Violations with [ATF] which he signed and dated. The Acknowledgment of Federal Firearms Regulations was also reviewed with [ATF] [ATF] which he signed and dated. [ATF] was provided with copies of the ROV, Acknowledgement, Safety and Security Information for FFL's and "How to Pass an ATF Inspection with Flying Colors" publication.

Also present for the closing were store employees and [ATF] A&D Book custodian.

ATF

14 - Violations

1. 27 CFR 478.21(a) REPEAT OF VIOLATION CITED ON 7/9/2007

Nature of Violation: Licensee failed to ensure that transferee was the actual buyer of firearm(s) on [ATF] occasions. Licensee failed to indicate type(s) of firearm(s) to be transferred on one form. Licensee failed to ensure transferee completed boxes 24 and 25 (recertification) on one form. Licensee failed to complete boxes 33 and 35 on ATF Forms 4473 after transactions were denied on twenty six (26) forms.

Licensee's Response: [ATF] stated that the employees will be instructed to slow down and carefully review ATF Forms 4473 even when the store is busy. A second employee will review each form for accuracy. Licensee stated that they were unaware that if a transfer is not made that these blocks were required when completing the ATF Form 4473.

Corrective Action: Licensee stated that he will ensure that ATF Form 4473 is completed as required for all future transactions.

Worksheets/Exhibits: Worksheet 2, Exhibit 5a.

2. 27CFR 478.99(c): REPEAT OF VIOLATION CITED ON 7/9/2007

Nature of Violation: Licensee failed to ensure that transferee was not prohibited from possessing a firearm on [ATF] occasion. Specifically, on one form transferee

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answered "yes" to question 11i on ATF Form 4473.

Licensee's Response: **ATF** stated that the employees will be instructed to slow down and carefully review ATF Forms 4473 even when the store is busy. A second employee will review each form for accuracy.

Corrective Action: NICS Re-check was conducted and no prohibiting information was discovered regarding transferee. Transferee was run through Open Fox and no prohibiting information was revealed. Licensee stated that he will ensure that ATF Form 4473 is completed as required for all future transactions and a second employee will review each form.

Worksheets/Exhibits: Worksheet 2, Exhibit 5b.

3. **27 CFR 478.124(c)(1) REPEAT OF VIOLATION CITED ON 7/9/2007**

Nature of Violation: Licensee failed to ensure that transferee provided all required information in Section A of ATF Forms 4473 on three occasions. Specifically, on one form Item 11k was left blank, on one form item 11l was left blank, and on one form items 16 and 17 were left blank.

Licensee Response: **ATF** stated that the employees need to take the time to carefully ensure the forms are completed accurately when the store is busy in the future. All forms will be double checked by at least one other employee.

Corrective Action: Licensee will ensure that all blocks on ATF forms 4473 are completed timely and accurately in the future.

Worksheets & Exhibits: Worksheet 2, Exhibit 5c.

4. **27CFR 478.124(c)(3)(iv) REPEAT OF VIOLATION CITED ON 7/9/2007**

Nature of Violation: Licensee failed to document the response initially provided by NICS on ATF Forms 4473 **ATF** occasions.

Licensee Response: **ATF** stated that the employees need to take the time to carefully ensure the forms are completed accurately when the store is busy in the future. All forms will be double checked by at least one other employee.

Corrective Action: Licensee will ensure that all blocks on ATF forms 4473 are completed timely and accurately in the future.

Worksheets & Exhibits: Worksheet 2, Exhibit 5d.

5. **27 CFR 478.124(c)(5) REPEAT OF VIOLATION CITED ON 7/9/2007.**

Nature of Violation: Licensee failed to complete box 34 on ATF Forms 4473 after transactions were denied on **ATF** forms.

Licensee's Response: Licensee stated that they were unaware that if a transfer is not made that these blocks were required when completing the ATF Form 4473.

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Corrective Action: Licensee will ensure that ATF Forms 4473 are signed even after "denied" NICS responses.

Worksheets/Exhibits: Worksheet 2, Exhibit 5a.

6. **27 CFR 478.126a REPEAT OF VIOLATION CITED ON 7/9/2007**

Nature of Violation: Licensee failed to complete multiple sale form ATF Form 3310.4 after transferring two or more handguns to non-licensees on **ATF** occasions.

Licensee's Response: Licensee stated that the multiple sales were missed prior to the implementation of the new delay and double check policy as explained during the warning conference on 1/26/2008 was implemented.

Corrective Action: Licensee completed the multiple sale forms (ATF Forms 3310.4) associated with the transactions and submitted them to the National Tracing Center.

Worksheets/Exhibits: Worksheet 2, Exhibit 2.

7. **27 CFR 478.102(c):**

Nature of Violation: Licensee failed to initiate a new NICS check before transferring a firearm after the transfer was not completed within a thirty day period following the initial NICS check on **ATF**

Licensee's Response: Licensee stated that he is aware that the NICS check is only good for 30 days and will re-train employees in reference to the regulation.

Corrective Action: Licensee will conduct second NICS checks for referenced occasions and will ensure that a second NICS check is completed before transferring firearms in the future if transfers do not occur within 30 days after the initial NICS check.

Worksheets/Exhibits: Worksheet 2, Exhibit 5e.

8. **27 CFR 478.123: REPEAT OF VIOLATION CITED ON 7/9/2007**

Nature of Violation: The licensee failed to enter the acquisition of firearms by the close of the next business day in **ATF** and failed to enter complete disposition information in **ATF**. After reconciliation, two (2) firearms were determined to be missing.

Licensee's Response: Licensee stated that the store will be converting the manual A&D records to computerized records and no gun will be physically moved until the appropriate entry is made in the record.

Corrective Action: ATF Forms 3310.11 (Theft/Loss Reports) were filed by the licensee for the missing firearms. Licensee will ensure that all required acquisition and disposition information is entered into the record timely and

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accurately.

Worksheets/Exhibits: Worksheet 1, Exhibit 4.

Industry Operations Investigator

11/9/10

Signature

Title

Date of Report

Index of Worksheets and Exhibits

1. Worksheet 1- Inventory, A&D.
2. Worksheet 2- 4473 (2005) Edition.
3. Exhibit 1- Acknowledgment of Federal Firearms Regulations.
4. Exhibit 2- Copies of Multiple Sales reports completed by licensee.
5. Exhibit 3- Traces Perfected Worknote.
6. Exhibit 4- Theft/Loss reports filed by licensee.
7. Exhibit 5a- ATF Forms 4473 **ATF**
8. Exhibit 5b- 4473 **ATF**
9. Exhibit 5c- 4473 **ATF**
10. Exhibit 5d- 4473 **ATF**
11. Exhibit 5e- 4473 **ATF**
12. Exhibit 6
Referral 1: 2011-0002 **ATF**
Referral 2: 2011-0003 **ATF**
Referral 3: 2011-0004 **ATF**
Referral 4: 2011-0005 **ATF**
Referral 5: 2011-0006 **ATF**
Referral 6: 2011-0007 **ATF**



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Phoenix Field Division

November 30, 2010

www.atf.gov

785110: LDK
5300

ATF

Re:

ATF

ATF

During a recent inspection at your firearms business covering the period from August 17, 2009 to August 17, 2010 you were cited for violations of Title 27, Code of Federal Regulations, Part 478. A copy of the Report of Violations, ATF F 5030.5, issued at the time of the inspection is enclosed.

All violations were fully explained to you by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Industry Operations Investigator. You or your responsible person indicated that you understood the requirements of the firearms laws and regulations and corrective actions would be taken to eliminate future violations.

The records you are required to maintain and the business operations you conduct are important to law enforcement in our continuing efforts to reduce violent crime and protect the public. It is essential that you comply with all Federal laws and regulations that govern your firearms business. This is critical to carrying out our mission to protect the public and to ensure that criminals do not gain access to firearms. ATF appreciates the efforts you and other industry members make in this area. We look forward to continuing to work with you in that regard.

You are reminded that retention of your Federal firearms license is conditioned upon your compliance with Federal laws and regulations. Any future violations, either repeat or otherwise, could be viewed as willful and may result in the revocation of your license. Please ensure that future compliance is achieved.

ATF

Should you have any questions regarding this matter, please contact **ATF** Area Supervisor at (602) 776-5480.

Lacie Kriner
Area Supervisor Industry Operations

cc: Federal Firearms Licensing Center
Phoenix VI Field Office