Name: Trade Name: Address:



UI#: 785050-2007-0179-B1B FFL#: ATF

#### 1 - Introduction

#### **Inspection Profile:**

On 7/9/2007, Industry Operations InvestigatorsATFATFinitiated an unannounced Federal FirearmsLicense compliance inspection ofATFATFIntersection covered ATF Forms 4473 from 8/1/2006 to7/9/2007 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:



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.

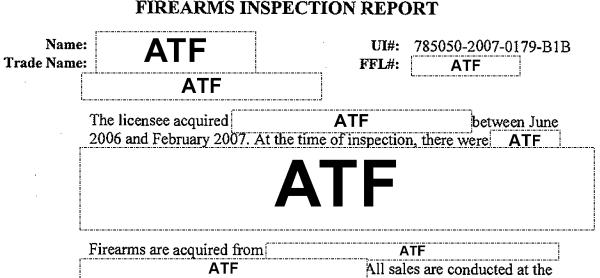
#### **Business Profile:**

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 ind disposed of ATF NFA firearms – including flash bangs; in the same time frame, the



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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: City of Scottsdale Transaction Privilege Tax License City of Scottsdale Alarm Permit: ATF City of Scottsdale Second Hand License: ATF

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Name: Trade Name:

А		

<b>UI#:</b>	785050-2007-0179-B1B
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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					the		
		e. However, B					
_	business a	s a LLC. The l	FFL was incor	rectly issu	ed by ATF	to ATF	
ATF Prior to the inspection			ction,				
	ATF	contacted IOI	ATF	who deter	mined that	t the licen	se was
	incorrectly	vissued. IOI	ATF contacte	d the licer	nsing cente	r to notify	them
	of the error. The licensing center updated the FFL to show ATF as						
	the license	æ and	ATF		as respons		ons on
	2/21/2007	• i			-	•	

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

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 was informed that ATF could continue operating person. ATF under the current license until it expires in 9/2009 and would ATF 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 - <u>Recommendation</u>

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

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

**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 (Referals 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

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

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 bccasions, 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,

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

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** ppen 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 <u>ATF</u> intimely dispositions, the licensee failed to complete ATF Fs 4473 to document the disposition <u>ATF</u> 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).

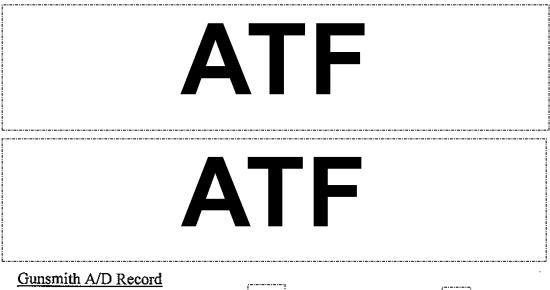
The licensee wrote "(R)" [rental] in the serial number blocks in the A/D record to designate firearms that are available for the public to rent and use at the licensee's shooting range. **ATF** stated that this was done because the licensee acquires these firearms at a discount rate from manufacturers 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.

Name: Trade Name:

ATF

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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.



The gunsmith A/D record contained ATF pen 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 ATF s 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).

ATFthe licensee transferred firearms to three non-licensees whoresponded "yes" to prohibiting question blocks 11G and 11I. The licensee wascited under 27 CFR 478.99 (Violation 8, Worksheet 2, and Exhibit 5K, 5L, &5M). National Instant Criminal Background Checks were conducted again onthese purchasers on 7/26/2007, all three received "proceed" responses.ATFviolations of 27 CFR 478.99 occurred when two purchasers responded"yes" to being dishonorably discharged from the military. A request for militarydischarge 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).

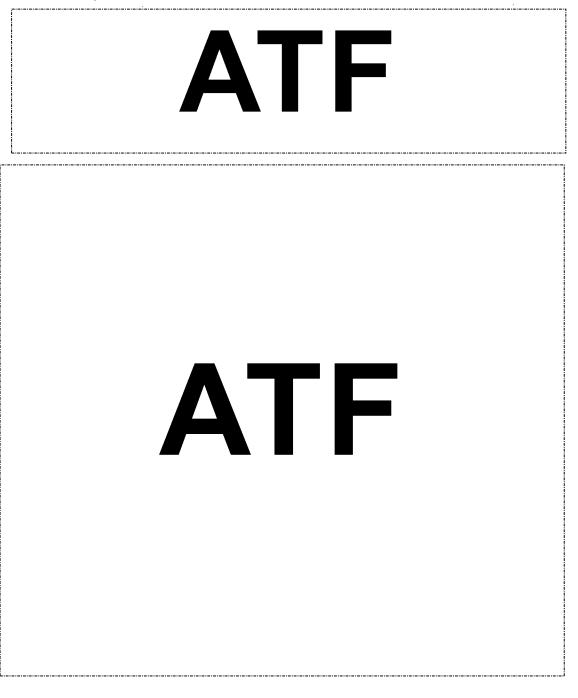
Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

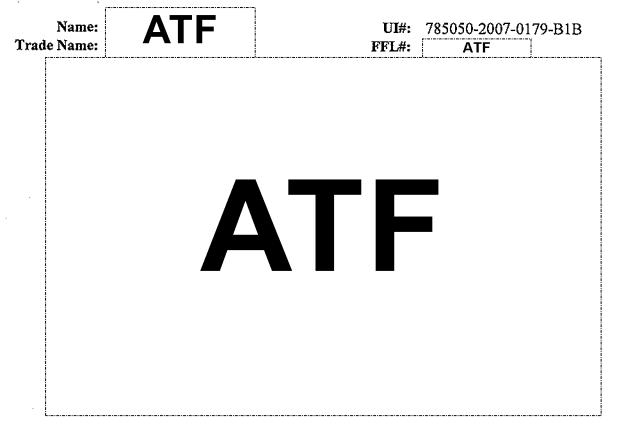
**ATF** National Instant Criminal Background Check Transaction Numbers were verified from ATF Forms 4473 to the NICS Audit Log. No discrepancies were disclosed.

#### 7 - Suspicious/Prohibited Purchasers

ATF

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





#### 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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FIREARMS INSPECTION REPORT			
Name: Trade Name:	ATF	UI#: 785050-2007-01 FFL#: ATF	79-B1B
	Λ	TF	

Name: Trade Name:



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11 - Referrals

The following Referrals of Information were generated:



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# ATF

#### 12 - <u>Other</u>

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

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

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 - <u>Violations</u>

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).

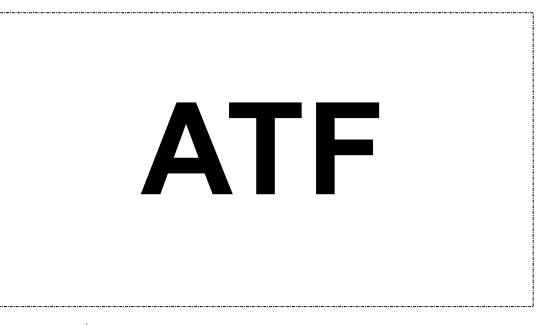
**Corrective Action:** The licensee must ensure that the acquisition and disposition of firearms are timely recorded into the A/D record.

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.



Name: Trade Name:



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A/D record.

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### 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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Name: Trade Name:



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

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,

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

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

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**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)

Name: Trade Name: UI#: 785050-2007-0179-B1B FFL#: ATF

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

#### Index of Worksheets and Exhibits

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Referral 7: 2007-1027,
Referral 8: 2007-0128,
Referral 9: 2007-0129,

	······
Name: Trad <u>e</u> Name:	ATF
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Referral 16:	
Referral 17:	

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FFL#:	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.
- **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

#### **Additional Information**

i.

\* 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

reucois.	
ATF	

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UI#: 785110-2010-0042-B1B FFL#: ATF

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

Revised 3/25/10

Name: Trade Name:

Address:

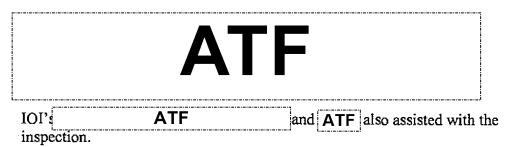
UI#: 785110-2010-0042-B1B FFL#: ATF

#### 1 - Introduction

#### **Inspection Profile:**

On 8/17/2	010, Industry Operations	Investigators	ATF	and ATF
ATF	initiated an unannounced	l Federal Fire	arms License co	mpliance
inspection		ATF		The
	e inspection was conducted			
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.			

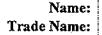
The following persons were present during the inspection. Criminal history and TECS checks were conducted resulting in no prohibiting information:



#### **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 lic	ensee has acquired ATF			
ATF Title I fir	earms and has disposed of ten			
ATF	Title I firearms. Approximately			
sixty five percent of the firearms 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 8/16/20	10, the licensee acquired <b>ATF</b>
ATF and disposed of	ATF
<u> </u>	<b>\TF</b>
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:

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Name: Trade Name: UI#: 785110-2010-0042-B1B FFL#: **ATF** 

## 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.

Name: Trade Name: ATF

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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.

Name: Trade Name:



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#### 4 - Internal Controls Evaluation

ATF discussed internal controls with IOI 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 <u>ATF</u> 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.

Name: Trade Name:



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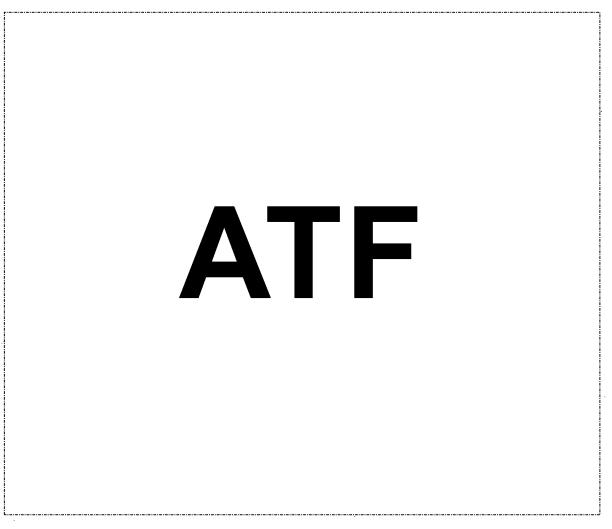
after transactions were denied on twenty six (26) forms. Violation 5, Worksheet 2, Exhibit 5a.

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 <u>ATF</u> (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"):



Name: Trade Name:

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#### 8 - Trace Activity

FFL Trace History revealedATFsuccessful trace requestsover the last twelve months. IOIATFperfectedATFATFand submitted the same to the National TracingCenter (NTC).The licensee sent a response for the third open traceATFto NTC on 8/17/2010. A sample of forty six (46) secondarymarket mearms was queried through E-Trace and NCIC.Zero firearms had beentraced or reported as suspect or stolen firearms.

#### 9 - Multiple Sales

The licensee has reported	ATF	multiple sales involving
ATF	firearms from Aug	gust 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 <u>ATF</u> 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).



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#### 11 - Referrals

The following Referrals of Information were generated:



#### 12 - <u>Other</u>

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

Name: Trade Name: UI#: 785110-2010-0042-B1B FFL#: **ATF** 

# 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 <u>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.</u>

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

#### 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 bccasion. Specifically, on one form transferee

Name: **Trade Name:** 



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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** becasions.

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 bythe close of the next business day inATFand failed to entercomplete disposition information inATFAfter 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 in 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

Name: Trade Name:



UI#:	785110-2010-0042-B1B
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accurately.

Worksheets/Exhibits: Worksheet 1, Exhibit 4.

Industry Operations Investigator

ATF

11/9/10

Signature

Title

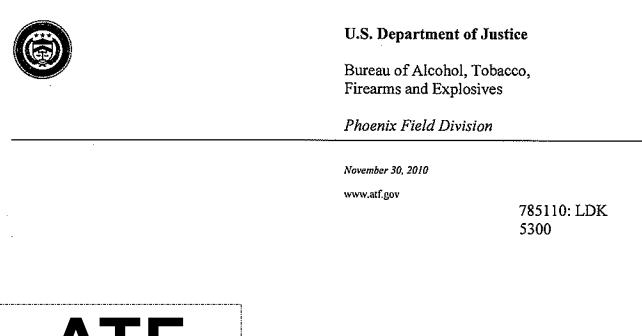
Date of Report

#### 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
- 8. Exhibit 5b- 4473
- 9. Exhibit 5c- 4473
- 10. Exhibit 5d- 4473
- 11. Exhibit 5e- 4473
- 12. Exhibit 6

Referral 1: 2011-0002 Referral 2: 2011-0003 Referral 3: 2011-0004 Referral 4: 2011-0005

Referral 5: 2011-0006 Referral 6: 2011-0007



	ATF	
Re:	ATF	
A	TF	

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

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cc: Federal Firearms Licensing Center Phoenix VI Field Office