

FIREARMS INSPECTION REPORT

Name: [ATF] UI#: 785050-2005-0267
Trade Name: [ATF] FFL#: 9-86-013-01-9D-34497
(9-86-013-01-02353)
Address: 5140 W. Peoria Ave, Suite 110
Glendale, AZ 85302
Maricopa County

1 - Introduction

Inspection Profile:

A compliance inspection was initiated at [ATF] located at 5140 W. Peoria Ave, Suite 110 in Glendale, AZ on September 11, 2006 by IOI's [ATF] [ATF] identified by AZ DL # B13794535, was interviewed and assisted during the course of the inspection. The scope of the inspection covered from January 2006 to September 2006. The field work for the inspection was completed on September 15, 2006 and the closing conference was conducted on October 3, 2006.

Business Profile:

[ATF] [ATF] is a Type 01, Dealer in Firearms. The licensee acquires hand-guns and long-guns from other f [ATF] [ATF] Retail sources include [ATF] [ATF] The licensee acquired approximately [ATF] hand-guns and long-guns in the last year. The licensee sold approximately [ATF] hand-guns and long-guns in the last year.

Ownership & Control:

[ATF] [ATF] received a Type 01, Dealer in Firearms license in March 1991. [ATF] was the only responsible person for that license. In December 1994, [ATF] Co. organized and became [ATF] [ATF] is the sole manager/member of the LLC. The limited liability corporation registered with the Arizona Corporate Commission in December 1994. The licensee did not notify ATF of the change in business entity and failed to apply for a new federal firearms license under the new business entity. Compliance inspections in 2000, 2001 and 2002 failed to disclose the change in entity.

[ATF] was given the opportunity to immediately apply for a new federal firearms license under the entity [ATF] LLC. The application was submitted and approval was recommended in October 2006. The new license number is 9-86-013-01-02353. (Exhibit 1)

Variance:

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The licensee had no approved variances on file. No new variances were requested during the inspection.

2 - Recommendation

Violations, Warning Conference with Warning Letter and Recall Inspection.

3 - Inspection History

A compliance inspection was conducted in November/December 2002. No violations were cited and a recall inspection was recommended.

A recall inspection was conducted in March 2001. Violations were cited under 27 CFR 178.124(c); ATF under 178.125(e) and 178.126a. No further action was recommended.

A compliance inspection was conducted in March 2000. Violations of 27 CFR 178.126a and 178.125e were cited. A recall inspection was recommended.

4 - Internal Controls Evaluation

The licensee logs firearms into the firearms acquisition and disposition book on the day of receipt. The licensee has implemented new procedures to ensure that required entries into the bound book are complete as required by the regulation. Additional internal controls for review of completed transactions were implemented as a result of this inspection. The licensee will personally review all Forms 4473 and bound book entries to ensure that all multiple sales are reported, all dispositions are recorded and that all entries into the bound book are complete.

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

A 100% physical inventory was conducted. A total of ATF firearms were in the physical inventory. A review of the firearms acquisition and disposition book revealed a total of ATF open entries. Final reconciliation of the firearms in physical inventory compared to the bound record revealed that ATF firearms were sold but not logged out of the bound book; ATF firearm was incorrectly logged out of the bound book but was located in the physical inventory; ATF firearms were in the physical inventory but had not been recorded in the bound book; ATF firearms were sent out for repair but had not been logged out of the bound book and ATF firearm was incorrectly logged. Additionally, the licensee had incorrectly recorded the serial number of ATF firearms. The licensee was cited for violation of 27 CFR 478.125(e) for 18 instances. All violations had been corrected by the licensee by the end of the inspection. **(Worksheet 1; Section**

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14, Violation #4; Report of Violations)

A review of the firearms acquisition and disposition book revealed that the licensee failed to record all of the required acquisition and disposition information. For acquisitions from federal firearms licensees, the licensee was recording only the abbreviated name of the licensee as well as an invoice number. For acquisitions from non-licensees, on most occasions, the licensee recorded the name and driver's license number of the person from whom the firearm was acquired. For dispositions, the licensee recorded the name of the federal firearms licensee and recorded that the license was on file. For repairs, the licensee entered the firearm into the bound book as an acquisition when the firearm was received from the customer and recorded it as a disposition only when the firearm was returned to the customer. The licensee failed to record the firearms as dispositions when sent out for repair and failed to record as acquisitions when returned from repair. Violation of 27 CFR 478.125(e) was cited for a total of **ATF** instances. **(Exhibit 2; Section 14, Violation #4; Report of Violations)**

6 - ATF Forms 4473 – NICS & Other Dispositions

A total of 2445 ATF Forms 4473 for the period from January 1, 2006 to September 11, 2006 were reviewed for this inspection. Of the **ATF** ATF Forms 4473 reviewed, the licensee did not require resident aliens to provide documentation establishing 90 continuous days of state residency immediately preceding the date of the sale in **ATF** instances. Resident aliens provided no documentation, or incomplete or incorrect documentation to establish residency. The licensee stated he thought that if resident aliens were in possession of a valid concealed carry permit, documentation establishing residency was not required. Violation of 27 CFR 478.124(c)(3)(ii) was cited. **(Exhibit 3; Worksheet 2; Report of Violations)**

In **ATF** instances, the licensee failed to conduct a NICS background check or failed to verify and record an exception to NICS. The licensee immediately contacted the non-licensees for the complete concealed carry permit information or conducted NICS with no issues. Violation of 27 CFR 478.102 was cited. **(Exhibit 4; Worksheet 2; Report of Violations)**

In **ATF** instances, the licensee failed to ensure that all of required information for the ATF F 4473 was furnished by the purchaser and/or completed by the person that completed the firearm transactions. Portions of Sections B, C, and D were blank or incomplete. In **ATF** instances, Item 11a was left blank and in **ATF** instances, non-licensees responded "no" to Item 11a of the Form 4473. Violation of 27 CFR 478.21a was cited. **(Exhibit 5, Exhibits 3, 6,7,8,9; Worksheet 2;**

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Report of Violations)

In ATF instances, the licensee disposed and/or completed transactions to non-licensees who responded "yes" to Item 11i. In the original Report of Violations, the nature of the violation stated that there were five instances in which non-licensees responded "yes" to Item 5c. An amended version of the Report of Violations was sent to the licensee via certified mail on 10/23/2006.

One transaction was completed to a non-licensee that responded "yes" to Item 11c and one transaction to a non-licensee that responded "yes" to Item 11d. Violation of 27 CFR 478.99(c) was cited. **(Exhibit 6, Worksheet 2; Report of Violations)**

The licensee failed to ensure responses to prohibiting questions were correct or complete. On ATF forms, non-licensees responded to Item 11l with "n/a". On ATF forms, non-licensees failed to respond to Item 11l and on ATF form, a non-licensee failed to respond to Item 11k. The licensee also failed to ensure that responses to all items in Section A were correct and complete in ATF instances. For example, question 13 was left blank. Violation of 27 CFR 478.124(c)(1) was cited. **(Exhibit 7; Form number 566/20 of Exhibit 5; Worksheet 2; Report of Violations)**

The licensee failed to verify the identities of non-licensees and failed to record the date NICS was contacted as well as the response provided by NICS in ATF instances. Violation of 27 CFR 478.124(c)(3)(i), (iv) was cited. **(Exhibits 3, 4, 5, 6, 7; Worksheet 2; Report of Violations)**

The licensee failed to record all identifying information on firearms sold and failed to ensure Forms 4473s were dated and signed on the date of actual transfer in ATF instances. In ATF of the instances, the licensee completed the transfer of the firearm before the allowable transfer date provided by NICS. Violation of 27 CFR 478.124(c)(4), (5) was cited. **(Exhibit 8, Forms from Exhibits 3, 4, 5, 6; Worksheet 2; Report of Violations)**

7 - Suspicious/Prohibited Purchasers

Referrals were generated on ATF purchasers for possibly dealing without a license or possible firearms trafficking. A referral was generated for a prohibited person in possession. Additional referrals were generated on possible straw purchasers and possible prohibited purchasers that responded "yes" to prohibiting questions. Please refer to Paragraph 11.

4473 not
dated &
signed
ATF Times

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8 - Trace Activity

ATF

9 - Multiple Sales

ATF

10 - NFA/Importer/Collector/Manufacturer

Licensee is not a NFA Dealer, Importer, Collector or Manufacturer of Firearms.

11 - Referrals

ATF Referrals

ATF separate referrals were generated on purchasers suspected of dealing without a license or possible trafficking (Referral numbers 2007-0001 to 2007-0009).

Jo
ATF
5 sales when
it answered
"No" or No Answer

ATF

A referral was also generated for ATF possible straw purchasers. The licensee completed ATF transactions to purchasers that responded "no" to question 11a of the ATF Form 4473, "Are you the actual buyer of the firearm(s) listed on this form?" The licensee also completed ATF transactions to purchasers who failed to respond to question 11a on the ATF Form 4473. (Referral 2007-0014)

A referral was also generated for possible prohibited persons. The licensee completed transactions to ATF purchasers that responded "yes" to question 11i of the ATF Form 4473, "Have you ever been convicted in any court of a misdemeanor crime of domestic violence?" The licensee also completed ATF transaction to a purchaser that responded "yes" to question 11c, "Have you ever been convicted in any court of a felony, or any other crime, for which the judge could have imprisoned you for more than one year, even if you received a shorter sentence including probation?" Another transaction was completed to a

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purchaser that responded "yes" to the question, "Are you a fugitive from justice?" (Referral 2007-0015)

A referral was submitted by the Brady Operations Branch regarding the release of a firearm before the three complete business days had passed. Brady Operations Branch had contacted the licensee on the third business day to deny the firearm but the firearm had been transferred the day before. The purchaser had active warrants and was a prohibited person. A copy of the Form 4473 was obtained during the inspection. A referral was generated to LE. (Referral 2007-0016)

12 - Other

Not applicable.

13 - Closing Actions

A closing conference was conducted with licensee **ATF** on October 3, 2006. All violations revealed during the compliance inspection were discussed in detail. The licensee was educated on the proper procedures for completing the firearms acquisition and disposition book, ATF Forms 4473 and NICS delays, no responses and proceeds. All inventory discrepancies had been corrected by the licensee. The licensee has implemented new and additional internal controls to ensure that Form 4473s have been completed correctly, firearms have been input into the bound record correctly and that multiple sales reports are submitted timely. The Acknowledgement of Federal Firearms Regulations was discussed in detail and signed by licensee **ATF**. The ATF Form 5030.5, Report of Violations was discussed in detail and signed by licensee **ATF**.

14 - Violations

1. 27 CFR 478.54

Nature of Violation: Licensee failed to notify ATF of change of Business Entity from a sole proprietorship to a LLC.

Licensee's Response: Licensee stated that he was unaware that he was required to notify ATF of such changes. **ATF** further indicated that inspectors in the past had not indicated that it was an issue.

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Corrective Action: Licensee will file a new application under the new business entity. Licensee immediately submitted a new ATF Form 7, Application for License and was issued the license in October 2006.

Exhibit 1

2. 27 CFR 478.126a ; 18 USC 923(g)(3)(A)

REPEAT OF VIOLATION CITED ON MARCH 2001 AND MARCH 2000.

Nature of Violation: Licensee failed to report the sale of two or more handguns to the same nonlicensee within 5 business days in 4 instances.

Licensee's Response: Licensee stated that the employee that records dispositions must have missed those multiple sales.

Corrective Action: Licensee will report all multiple sales not later than close of business on the day the multiple sale occurs.

Exhibit 8; Worksheet 2

3. 27 CFR 478.124(c)(3)(ii) ; 18 USC 922(b)(3)

Nature of Violation: Licensee failed to cause resident aliens to present documentation establishing state residency in ATF instances.

Licensee's Response: The licensee stated that he had contacted an ATF agent who indicated that if a resident alien was in possession of a valid concealed carry permit, documentation establishing state residency was not required. The licensee also indicated that he thought vehicle registrations and insurance cards were sufficient to establish residency.

Corrective Action: Licensee will cause resident aliens to establish 90 consecutive days of state residency just prior to the date of sale.

Exhibit 3; Worksheet 2

4. 27 CFR 478.125(e) ; 18 USC 923(g)(1)(A)

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REPEAT OF VIOLATION CITED ON MARCH 2001 AND MARCH 2000.

Nature of Violation: Licensee failed to properly and completely record all required acquisition and disposition information for each firearm. ATF acquisition entries, ATF disposition entries and ATF repair book entries for a total of ATF instances.) Licensee failed to record the acquisition or disposition of firearms into the bound book in ATF instances. Licensee incorrectly recorded the serial number of firearms in ATF instances.

Licensee's Response: The licensee stated that he thought that because he was submitting the second hand firearm information as required by the demand letter, he was not required to also enter that information into the bound book.

Corrective Action: Licensee will properly and accurately record the acquisition and disposition of firearms timely. Licensee corrected the inventory discrepancies during the course of the inspection.

Exhibit 2, Worksheet 1

5. 27 CFR 478.102 ; 18 USC 922(t)(1)(A)

Nature of Violation: Licensee failed to conduct NICS background checks or to verify / record an exception to NICS in ATF instances.

Licensee's Response: The licensee thought that it was possible the information was obtained but not recorded.

Corrective Action: If an exception to NICS is not met, the licensee will conduct NICS background checks.

Exhibit 4; Worksheet 2

6. 27 CFR 478.21a

HISTORY: Discrepancies of the same nature were cited under 27 CFR 178.124(c) in March 2001.

Nature of Violation: Licensee failed to ensure that all required information was furnished for / on the ATF Form 4473. Portions of Sections B, C, and D were blank in ATF instances. Item 11a was left blank in ATF instances. Nonlicensees responded

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“no” to 11a in ATF instances.

Corrective Action: Licensee will ensure that all required information is furnished on the ATF Forms 4473.

Exhibit 5, Exhibits 3, 6,7,8,9; Worksheet 2

7. **27 CFR 478.99(c) ; 18 USC 922(d)**

Nature of Violation: Licensee disposed / completed transactions to nonlicensees who responded “yes” to Item 11i in ATF instances; “yes” to Item 11c in ATF instance and “yes” to Item 11d in ATF instance.

Corrective Action: Licensee will not complete transactions to nonlicensees that respond “yes” to prohibiting questions.

Exhibit 5

8. **27 CFR 478.124(c)(1) ; 18 USC 923(g)(1)(A)**

Nature of Violation: Licensee failed to ensure responses to prohibiting questions were correct and complete in ATF instances and correct and complete responses to Items in Section A in ATF instances.

Corrective Action: Licensee will ensure that all items are complete and correct.

Exhibit 6; Form number 566/20 of Exhibit 5; Worksheet 2

9. **27 CFR 478.124(c)(3)(i), (iv) ; 18 USC 922(t)(4)**

Nature of Violation: Licensee failed to verify identities of nonlicensees and failed to record the date NICS was contacted and responses provided by NICS in ATF instances.

Corrective Action: Licensee will record all required information when conducting NICS.

Exhibits 3, 4, 5, 6; Worksheet 2

10. **27 CFR 478.124(c)(4), (5) ; 18 USC 923(g)(1)(A)**

Nature of Violation: Licensee failed to record all identifying information on firearms sold and failed to ensure Form 4473 was dated

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and signed on the date of actual transfer in ATF instances.

Corrective Action: Licensee will ensure all firearm information is recorded and that the form is signed and dated on the actual day of transfer.

Exhibit 7, Forms from Exhibits 3, 4, 5, 6; Worksheet 2

Signature	Title	Date of Report
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Name: **ATF**

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Trade Name:

FFL#: 9-86-02353

Address: 5140 W. Peoria Ave. Ste. 110
Glendale, AZ 85302, Maricopa County

1 - Introduction

Inspection Profile:

On June 4, 2008, IOIs **ATF** initiated a Recall compliance inspection on **ATF** located at 5140 W. Peoria Ave., Glendale, AZ. The inspection period covered was from 6/01/2007 to 6/01/2008. Managing Member, **ATF** was present during the entire inspection and identified himself with his Arizona driver license (AZ DL B13794535). The purpose of the inspection was to determine if the licensee is operating within established Federal guidelines as well as to determine that the licensee had taken measures to correct deficiencies noted in their last inspection. A review of all required documentation was conducted to include the licensee Acquisition and Disposition record and a representative sample of ATF Form 4473s for the review period. Additionally, a complete inventory of all firearms located on the business premises was conducted. No advance notification was given.

Business Profile:

ATF is licensed as a dealer of firearms. Firearms and firearm accessories are sold at this location. In addition to retail sales, the licensee also conducts limited gunsmith activities to include the installation of rifle scopes, laser sites and minor repairs.

The licensee acquired a total of **ATF** handguns and **ATF** long guns and disposed of **ATF** handguns and **ATF** long guns over the last twelve (12) months. Approximately ninety nine (99) percent of all firearms sales are new with the remaining one (1) percent being secondary market. The licensee purchases the majority of their firearms from **ATF**. **ATF** The licensee does not conduct business at gun shows, no off site storage exists, and the licensee holds no other ATF licenses.

The following licenses or permits were presented to IOI Richardson for review: City of Glendale Transaction Privilege Tax License #100017650, Arizona Department of Revenue License #07-469868-X, City of Glendale Second Hand Dealers License #400001032 and the State of Arizona Transaction Privilege Tax License #07-495004-U. All licenses and permits were current and in the name of **ATF**

June 1, 2007 to
June 1, 2008
Acquired: **ATF**
Sold:
2008 Inspection

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Ownership & Control:

ATF is a limited liability company registered with the Arizona Corporation Commission and is in good standing (**Exhibit 2**). There have been no unreported changes in control or ownership and there is no indication of hidden ownership. All responsible persons are correctly identified in FLS.

Variance:

The licensee does not maintain any variances.

2 - Recommendation

Report of Violations only. No recall inspection.

The licensee has shown significant improvement in their operations since their last inspection. All areas of concern have been addressed and controls have been put in place to ensure compliance with Federal Regulations. The licensee was cited for violating 27 CFR 478.125(e) – Specifically, the licensee failed on **ATF** occasions to enter the correct serial number. This violation was corrected immediately.

3 - Inspection History

A compliance inspection was conducted by IOIs **ATF** on September 11, 2006. The licensee was cited for the following violations:

27 CFR 478.54 – Specifically, the licensee failed to notify ATF of change of business entity from a sole proprietorship to an LLC.

27 CFR 478.126a – Specifically, the licensee failed to report the sale of two (2) or more handguns to the same non-licensee within 5 business days in **ATF** instances.

27 CFR 478.124(c)(3)(ii) – Specifically, the licensee failed to cause resident aliens to present documentation establishing state residency in **ATF** instances.

27 CFR 478.125(e) – Specifically, the licensee failed to properly and completely record all required acquisition and disposition information for each firearm **ATF** acquisition entries, **ATF** entries and **ATF** repair book entries for a total of **ATF** instances). The licensee also failed to record the acquisition or disposition of firearms into the bound book in **ATF** instances. The licensee incorrectly recorded the serial number of firearms in **ATF** instances.

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27 CFR 478.102 – Specifically, the licensee failed to conduct NICS background checks or to verify/record an exception to NICS in ATF instances.

27 CFR 478.21a – Specifically, the licensee failed to ensure that all required information was furnished on the ATF Form 4473. Portions of Sections B, C and D were left blank in ATF instances. Item 11a was left blank in ATF instances. Non-licensees responded “no” to 11a in ATF instances.

27 CFR 478.99(c) – Specifically, the licensee disposed/completed transactions to non-licensees who responded “yes” to Item 11i in ATF instances; “yes” to Item 11c in ATF instance and “yes” to Item 11d in ATF instance.

27 CFR 478.124(c)(1) – Specifically, the licensee failed to ensure responses to prohibiting questions were correct and complete in ATF instances and correct and completed responses to Items in Section A in ATF instances.

27 CFR 478.124(c)(3)(i) – Specifically, the licensee failed to verify identities of non-licensees and failed to record the date NICS was contacted and responses provided by NICS in ATF instances.

27 CFR 478.124(c)(4) – Specifically, the licensee failed to record all identifying information on firearms sold and failed to ensure Form 4473 was dated and signed on the date of the actual transfer in ATF instances.

An Acknowledgement of Federal Firearms Regulations dated October 26, 2006 was signed by ATF and included in the licensee’s file.

A compliance inspection was conducted in November/December 2002. No violations were cited and a recall inspection was recommended.

A recall inspection was conducted in March 2001. Violation were cited under 27 CFR 178.124(c); three (3) under 178.124(e) and 178.126a. No further action was recommended.

A compliance inspection was conducted in March 2000. Violations of 27 CFR 178.126a and 178.125e were cited. A recall inspection was recommended.

4 - Internal Controls Evaluation

IOI ATF discussed internal controls with ATF. The licensee does not conduct business at gun shows. During non business hours, all firearms are secured in a locked storage room located near the rear of the store. All handguns are locked in ATF gun safes located in the same storage room. The licensee is

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completing ATF Form 3310.4 (Multiple Sale of Handguns) properly. Quarterly inventories are conducted by the licensee. According to **ATF** inventories are completed by comparing the firearm serial numbers to the serial numbers noted in the Acquisition and Disposition record.

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

A physical inventory of **ATF** firearms was identified at the time of the inspection. The licensee's acquisition and disposition records revealed a total of **ATF** open dispositions. No discrepancies were noted when comparing the licensee's physical inventory to their Acquisition and Disposition record. All entries were made on a timely basis and all firearms were accounted for.

The licensee's record is in the proper format and all entries appeared to be timely made. Upon further review of the licensee's A&D record, IOI **ATF** noted **ATF** discrepancies regarding serial numbers. The licensee was cited under 27 CFR 478.125(e) – Specifically, the licensee failed on **ATF** occasions to enter the correct serial number in their A&D record.

No theft loss reports were submitted by the licensee during the inspection period.

6 - ATF Forms 4473 – NICS & Other Dispositions

A total of **ATF** forms were on file for the review period. A total of **ATF** forms were reviewed by IOI **ATF**. No sales to law enforcement were completed for the inspection period. Transfers to licensees were conducted in the manner prescribed by regulation. Licensee maintained denials and withdrawals separate from approved forms. The FFL Audit Report for the licensee showed a total of **ATF** transactions. Investigator **ATF** verified a total of **ATF** transactions with no discrepancies.

A review of the licensee's ATF Forms 4473 revealed some deficiencies. The following issue was discussed with the licensee but not cited:

Under 27 CFR 478.124(c)(3)(ii) - A transferee answered yes to question 11c on the ATF Form 4473. Upon initial inspection of the form this error was overlooked by the licensee. The transferee is a frequent customer of the licensee's and had never answered the question in this manner prior to this instance. All completed ATF Forms 4473 go through a two part review process. During the second review, the error was discovered. **ATF** immediately contacted the purchaser by phone to come in a correct the form. The licensee was in the process of correcting this error prior to the commencement of the inspection and had it corrected prior to the completion of the inspection. The licensee was not cited for this violation.

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7 - Suspicious/Prohibited Purchasers

No straw purchasers or prohibited persons were identified as a result of this inspection. A total of **ATF** referrals were generated as a result of this inspection. Refer to section eleven (11) of this report for greater detail. TECS checks were conducted on a total of **ATF** persons to include the responsible person, **ATF** resulting in zero hits.

8 - Trace Activity

A total of **ATF**
ATF

TECS/NCIC checks were completed on a total of **ATF** firearms resulting in zero hits. During the reporting period, the licensee acquired a total of **ATF** **ATF** firearms and disposed of **ATF** **ATF** firearms. This licensee deals almost exclusively with new firearms. Approximately one (1) percent of the licensee's business is derived through the sale of secondary market firearms.

9 - Multiple Sales

ATF

10 - NFA/Importer/Collector/Manufacturer

The licensee does not engage in these activities.

11 - Referrals

A total of **ATF** referrals of information were generated as a result of this inspection. **ATF**
ATF

12 - Other

ATF

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ATF

13 - Closing Actions

IOI **ATF** conducted a closing conference with **ATF** on June 16, 2008. IOI **ATF** reviewed the ATF Form 5030.5 (Report of Violations) with **ATF** signed the Report of Violations stating he understood the nature of the violation. IOI Rivera provided him with a copy of the Report of Violations. ATF regulatory requirements were discussed with the licensee including applicable laws and regulations regarding conduct of business and record keeping requirements. The Acknowledgement of Federal Firearms Regulations was reviewed with the licensee (**Exhibit 1**). **ATF** signed the acknowledgement stating that he understood the regulations covered and discussed any questions that he had.

14 - Violations

1. Repeat of violation cited on September 11, 2005.

27 CFR 478.125(e): The licensee failed on **ATF** occasions to enter the correct serial number in their A&D record.

Licensee Response: **ATF** was unaware of the errors and corrected them immediately.

Corrective Action: The licensee will enter all required information in their A&D record as prescribed by the regulation. Additionally, the licensee should verify all information entered into their A7D record to ensure accuracy.

Worksheets and Exhibits: Worksheet 1

Signature	Title	Date of Report
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Name: **ATF** UI#: 785050-2009-0352 B1B
Trade Name: **ATF** FFL#: 9-86-013-01-9L-02353
Address: 5140 W. Peoria Ave., STE 110
Glendale, AZ 85302 MARICOPA

1 - Introduction

Inspection Profile:

On September 3, 2009 a compliance inspection was initiated by Industry Operations Investigators (IOIs) **ATF** at the business premises of **ATF** 5140 W. Peoria Ave., Suite 110, Peoria, Arizona. IOI **ATF** also assisted with the compliance inspection.

An inspection interview was conducted with **ATF** Managing Member, Arizona Driver License **ATF** Store Clerk, **ATF** assisted for the entire inspection and provided his Arizona Driver License **ATF** for identification purposes. **ATF** employs an additional four employees.

The purpose of the compliance inspection was to ensure compliance of Federal firearms regulations and laws, which included a review of a full year of ATF F4473s, as well as verify forward traces per the fiscal year 2009 operating plan. The inspection period covered September 1, 2008 through September 1, 2009. Advance notification was not provided to the licensee.

Business Profile:

ATF is a commercial storefront operation located in Glendale, Arizona. Business operations consist of sales of new and used firearms.

A review of the acquisition and disposition records (A&D) provided the following breakdown of acquisitions and dispositions of handguns and long guns for the inspection period: 1) **ATF** handguns acquired; 2) **ATF** handguns disposed; 3) **ATF** long guns acquired; 4) **ATF** long guns disposed. Upon initiation of the compliance inspection, the inventory consisted of no used firearms, and during the inspection period acquisition and disposition of used firearms reflected less than 5%.

Primary suppliers utilized by the licensee are **ATF**. **ATF** The licensee does not conduct or participate in any gunshows. There is no other business conducted on the business premises. **ATF** is also a helicopter flight instructor. No off-site firearm storage exists and the licensee does not possess any other ATF licenses.

The licensee provided the following licenses/city permits: 1) Arizona

Sept 1, 2008 to
Sept 1, 2009
Acquired
Sold
Sept 2009 Inspection

ATF

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Transaction Privilege Tax License #07-495004-U; 2) City of Glendale permit #100017650; 3) Secondhand Dealer City of Glendale Permit #400001032.

Ownership & Control:

A review of the Arizona Corporate Commission (ACC) documents, reflect that **ATF** is registered as a limited liability company and is in good standing (**Exhibit 1**).

There have been no changes in control or ownership and there are no responsible persons to be added to the license. Hidden ownership is not suspected.

Variance:

There are no variances utilized at this time.

2 - Recommendation

Violations, ROV Only and Recall is recommended.

The licensee failed in **ATF** to ensure blocks 11a (the transferee is actual buyer) on the ATF F4473 were accurately completed. A NICS re-check of the purchasers returned "proceed" responses for both purchasers.

The licensee failed in **ATF** instances to ensure blocks 11c (have you ever been convicted of a felony) and 11e (are you an unlawful user of a controlled substance) on the ATF F4473 were accurately completed. A NICS re-check of the purchasers returned "proceed" responses for both purchasers.

The licensee failed in **ATF** instance to ensure the ATF F4473, block 20c (alien ninety day proof of residency documentation) was accurately completed.

Although the inspection results reflect the violations as repeat violations, the recommendation was based on the review of more than **ATF** ATF F4473s with less than one percent (1%) error rate.

The licensee has made the accuracy and completion of ATF F4473s a priority during the course of his business activities.

3 - Inspection History

June 4, 2008: A compliance inspection was conducted with the recommendation of Report of Violations only, No recall inspection. Acknowledgement of Federal Firearms Regulations was signed and dated by Andre Howard on June 16, 2008.

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The licensee was cited for the following violation on September 11, 2005:

27 CFR 478.125(e): The licensee failed on **ATF** occasions to enter the correct serial number in the acquisition and disposition (A&D) record.

September 11, 2006: A compliance inspection was conducted with the recommendation of Violations, Warning Conference with Warning Letter and Recall Inspection. Acknowledgement of Federal Firearms Regulations was signed and dated by Andre Howard on October 26, 2006. The licensee was cited for the following violations:

27 CFR 478.54: The licensee failed to notify ATF of change of business entity.

27 CFR 478.126a: The licensee failed in **ATF** instances to report the sale of two or more handguns to the same non-licensee within five business days.

27 CFR 478.124(c)(3)(ii): The licensee failed in **ATF** instances to obtain documentation establishing state of residency.

27 CFR 478.125(e): The licensee failed in **ATF** instances to record A&D information. The licensee also failed in **ATF** instances to record the correct serial number in the A&D record.

27 CFR 478.102: The licensee failed in **ATF** instances to conduct NICS background checks or to verify/record an exception to NICS.

27 CFR 478.21a: The licensee failed in **ATF** instances to record information on the ATF F4473, portions of sections B, C and D were left blank. The licensee failed in **ATF** instances to obtain information for item 11a. Non-licensees responded "no" to 11a in **ATF** instances.

27 CFR 478.99(c): The licensee failed in **ATF** instances to ensure the purchaser was not prohibited prior to the transfer of a firearm. In **ATF** instances item 11i was answered "yes". In **ATF** instance item 11c was answered "yes" and in **ATF** instance item 11d was answered "yes".

27 CFR 478.124(c)(1): The licensee failed to ensure responses to prohibiting questions were correct and complete in **ATF** instances and correct and completed responses in section A in **ATF** instances.

27 CFR 478.124(c)(3)(i): The licensee failed in **ATF** instances to verify identification of purchasers and failed to record the date of NICS contacted and responses provided by NICS.

27 CFR 478.124(c)(4): The licensee failed in **ATF** instances to record all

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identifying information on firearms sold and failed to ensure ATF F4473s were dated and signed on the date of the actual transfer.

November 2002: Compliance inspection conducted. No violations were cited and a recall inspection was recommended.

March 2001: Recall inspection was conducted. No further action was recommended.

March 2000: Compliance inspection was conducted. Violations of **27 CFR 178.126a and 178.125e** were cited. A recall inspection was recommended.

4 - Internal Controls Evaluation

Inventory control and recordkeeping were thoroughly discussed with **ATF** **ATF** and the employees of **ATF**. The importance of reviewing the ATF F4473s to ensure accuracy was emphasized with the licensee.

The licensee stated that a review of the ATF F4473s is conducted on a three check system. Forms are checked by a second employee and then a third time before being filed.

Enhanced security measures are taken to ensure inventory control. A roll-down security door is utilized when the store is closed. All inventory is removed from counters and locked in a rear storage room.

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

A 100% physical inventory was conducted, which resulted in 263 firearms on the business premises. Comparison of the licensee's inventory and the A&D records reflected no discrepancies.

The licensee's A&D records were in the proper format and all entries of firearms were timely made. There were no theft or loss reports completed during the inspection period or as a result of the inspection.

ATF

6 - ATF Forms 4473 - NICS & Other Dispositions

A total of **ATF** ATF F4473s were on file for the inspection period. Of the **ATF** forms reviewed, **ATF** of the forms were reviewed for complete accuracy to

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ensure the forms were completed as required by Federal firearms regulations, while 100% of the forms were reviewed for trafficking and prohibited persons.

The FFL audit log verification was conducted of **ATF** National Instant Criminal Background Check (NICS) transaction numbers with no discrepancies disclosed (**Exhibit 2**). Transfers with other licensees were conducted properly per regulations.

The following violations were cited for the inspection period:

In **ATF** instances, the licensee failed to ensure that ATF F4473, blocks 11a (the transferee is actual buyer), were accurately completed. The licensee was cited under 27 CFR 478.21a (**Violation 1, Worksheet 2, Exhibits 3&4**).

In **ATF** instances, the licensee failed to ensure that ATF F4473, blocks 11c (have you ever been convicted of a felony left blank) and 11e (are you an unlawful user of a controlled substance left blank) were accurately completed. The licensee was cited under 27 CFR 478.124(c)(1) (**Violation 2, Worksheet 2, Exhibits 5&6**).

ATF Referrals
for potential
trafficking

In one instance, the licensee failed to ensure that ATF F4473, blocks 20c (alien ninety day proof of residency documentation) were accurately completed. The licensee was cited under 27 CFR 478.124(c)(3)(ii) (**Violation 3, Worksheet 2, Exhibit 5**).

7 - Suspicious/Prohibited Purchasers

A total of **ATF** referrals were submitted involving **ATF** suspicious purchasers for potential firearms trafficking, which included **ATF** potentially dealing without a license. Please see section 11 - Referrals.

8 - Trace Activity

ATF

The licensee acquired **ATF** firearms and disposed **ATF** firearms during the

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inspection period. Of the **ATF** firearms acquired **ATF** were used firearms, less than (1%) one percent of the licensee's business inventory.

ATF

9 - Multiple Sales

ATF

10 - NFA/Importer/Collector/Manufacturer

There are no NFA/Importer/Collector/Manufacturer activities conducted by the licensee.

11 - Referrals

As a result of the compliance inspection, total of **ATF** referrals were generated to include: suspicious purchasers, potential firearms trafficking and dealing without a license. **Please see Referrals: 2009-0079; 2009-0080; 2009-81; 2010-0001 through 2010-0008; 2010-0009; 2010-0010; 2010-0011.**

12 - Other

Youth Handgun Safety Act poster was posted as well as Youth Handgun Safety Act notices provided with secure gun safety devices.

13 - Closing Actions

A closing conference was conducted by IOI **ATF** on September 29, 2009 with **ATF**, Managing Member of **ATF**

The Report of Violations was discussed thoroughly with the licensee. **ATF** **ATF** signed and dated the Report of Violations and expressed his concern with the violations issued. He stated that the store employees will work diligently to address any issues.

An Acknowledgement of Federal Firearms Regulations was reviewed thoroughly signed and dated on September 29, 2009 by **ATF** (**Exhibit 8**). The following forms were also reviewed: ATF F4473 Firearms Transaction Record; ATF F3310.4 Report of Multiple Sale; ATF F3310.11 Theft/Loss Report. The requirements for secure gun storage and safety devices were also discussed with the licensee. **ATF** was given the opportunity to address questions or

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Trade Name:
concerns.

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14 - Violations

- 1. 27 CFR 478.21(a) REPEAT OF VIOLATION CITED ON MARCH 2001 AND 9/11/06
Nature of violation: The licensee failed in ATF instances to ensure ATF F4473, blocks 11a were accurately completed. (ROV, Worksheet 2, Exhibits 3&4)
Licensee's response: ATF stated that they must have overlooked the question, but that they do try extremely hard to make sure the forms are completed accurately.
Corrective action: The licensee was instructed to ensure that all required blocks of the ATF F4473 are accurately completed.
2. 27 CFR 478.124(c)(1) REPEAT OF VIOLATION CITED ON 9/11/06
Nature of violation: The licensee failed in ATF instances to ensure ATF F4473, blocks 11c (have you ever been convicted of a felony left blank) and 11e (are you an unlawful user of a controlled substance left blank) were accurately completed. (ROV, Worksheet 2, Exhibits 5&6)
Licensee's response: ATF was asked if he had any questions regarding the errors on the ATF F4473s and he stated he did not have any questions.
Corrective action: The licensee was instructed to ensure that all required blocks of the ATF F4473 are accurately completed.
3. 27 CFR 478.124(c)(3)(ii) REPEAT OF VIOLATION CITED ON 9/11/06
Nature of violation: The licensee failed in ATF instance to ensure the ATF F4473, block 20c (alien ninety day proof of residency documentation) were accurately completed. The licensee was cited under 27 CFR 478.124(c)(3)(ii) (ROV, Worksheet 2, Exhibit 5)
Licensee's response: The licensee stated that they would have to be more careful and obtain all the required information.
Corrective action: The licensee was instructed to ensure that all required documentation is obtained.

Signature Title Date of Report
Signature Industry Operations Investigator
Signature Industry Operations Investigator

Index of Worksheets and Exhibits
Worksheets:

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Worksheet 2 ATF F4473s

Exhibits:

- Exhibit 1 Arizona Corporate Commission Documents
- Exhibit 2 NICS Audit Log
- Exhibit 3 ATF 4473 - **ATF**
- Exhibit 4 ATF 4473 - **ATF**
- Exhibit 5 ATF 4473 - **ATF**
- Exhibit 6 ATF 4473 - **ATF**
- Exhibit 7 Forward Trace worksheet
- Exhibit 8 Acknowledgement of Federal Firearms Regulations

Referrals:

- Referral 2009-0079 - **ATF**
- Referral 2009-0080 - **ATF**

Referral 2009-0081 - **ATF**
ATF

- Referral 2010-0001 - **ATF**
- Referral 2010-0002 - **ATF**
- Referral 2010-0003 - **ATF**
- Referral 2010-0004 - **ATF**
- Referral 2010-0005 - **ATF**
- Referral 2010-0006 - **ATF**
- Referral 2010-0007 - **ATF**
- Referral 2010-0008 - **ATF**
- Referral 2010-0009 - **ATF**
- Referral 2010-0010 - **ATF**
- Referral 2010-0011 - **ATF**