Assignment and Report

| | | | 0 | • | | | |
|--|--|------------------|---|-----------------------|--------------|--|--|
| 1. OPERATING NAME AND | ADDRESS | | 2 III NUMBER (OF | RG SEG CODE ASSIGNMEN | TNO PPC) | | |
| (INCLUDE ZIP CODE AND COUNTY) | | | 2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 782110-2018-0259-B1B | | | | |
| Cash America Pawn L.P. | | | 3. PERMIT/LICENSE NUMBER 4a. TARGET DATE 4b. TARGET HOURS | | | | |
| Cash America Pawn o 1634 Central Blvd | f Brownsville #2 | | 574061029A35383 | | | | |
| Brownsville ,TX 78520 |). Cameron | | 5. REQUESTED BY (SIGNATURE, TITLE AND DATE) | | | | |
| | ,, | | | | | | |
| 6. ATF OFFICER(S) ASSIGN (b)(6) - L | ED ead Investigator | | | | | | |
| 7. ASSIGNED BY (SIGNATU | | | | | | | |
| | Area Supervisor, 03/14/2 | 2018 | | | | | |
| 8. PURPOSE/SPECIAL INST | TRUCTIONS | | | | | | |
| | | | | | | | |
| | | | | | | | |
| 9. INSPECTION RESULTS | | ATIONS, ADJUSTME | NITO ETC | 10. TRAVEL EXPENSES | : (ODTIONAL) | | |
| NO. OF VIOLATIONS | 1 NO. OF REFE | | INTS, ETC | 2111 - PER DIEM | (OFTIONAL) | | |
| NO. OF TECS CHECKS | 107 NO. OF TECS | | | 2112 - P.O.A. | | | |
| NO. OF TAX ADJUSTMENTS | | TAX INCREASES | | 2113 - COMM, AIR | | | |
| | \$ VALUE OF T | AX DECREASES | | 2114 - RENTAL CAR | | | |
| NO. OF ASSESSMENTS | | ASSESSMENTS | | 2115 - GPV EXPENSES | + | | |
| NO. OF CLAIMS | \$ VALUE OF C | | | 2116 - MISC. | + | | |
| NO. OF TAX PERIODS | | TAXES VERIFIED | | TOTAL \$ FOR INSP. | | | |
| Submitted by (b)(6) Submitted on: 04/11/20 Viols WL ONLY and | - Industry Operations 118 d No Recall Inspection | Investigator | | | | | |
| | | 12. TIME ACCOU | NTING DATA | | | | |
| ATF OFFICER'S NAME (MC | ONTH, YEAR, HOURS) | b)(6) | | | | | |
| MAR 2 | 018 24.00 | _ | | | | | |
| APR 2 | 018 24.00 | | | | | | |
| ATF OFFICER'S SUBTOTAL | 48.00 | ATF OFFICER'S SI | GNATURE | | | | |
| TOTAL HOURS | 48.00 | | | | | | |
| | | 13. REVIEW AN | ID ROUTING | | | | |
| REVIEW COMMENTS AND | RECOMMENDATION | | | | | | |
| Viols WL ONLY and | No Recall Inspection | | | | | | |
| | | | | | | | |
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| ⊠ pr | EVIEWED 🔀 CO | /1- \ / / | ENTS | ☐ FINAL DISPOSITION | | | |
| SIGNATURE AND TITLE | TAILMED TO | (n) |) LNI3 | REVIEW DATE | | | |
| | Supervisor | (b)(6 | , | 04/13/2 | 2018 | | |
| ROUTING SEQUENCE AND | | , , | | • | | | |
| | | | | | | | |
| | | | CONTROL | FILE DOCTED DATE | | | |
| 3. | | | CONTROL | FILE POSTED DATE | | | |
| 4. | | | | | | | |

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

Report of Violations

| Name of Proprietor Cash America Pawn L.P. Cash America Pawn of Brownsville #2 Street Address 1634 Central Blvd | | City Brownsville | | State TX | Zip Code 78520- | County Cameron | Page 1 of 1 Pages | |
|---|--|-------------------------------------|------------------------------------|-------------------|---|-------------------|----------------------|--|
| License/Permit/Registry Number (If any) 574061029A35383 | | | | | Period of Inspection 8 through 04/04/2018 | | | |
| An examination of your premises, records and o | perations has disclosed the | | ction Results s which have been | explained to you | | | | |
| Failure to correctly record the disposition of a improperly disposes of a firearm when a customever leaves the store and no transfer takes place. (b)(3) 112 Pub Lav | omer pays down a loan, coace. This happened in | ven though (I) III ; Trionaise = | th not con | Action to be Take | was advised to 1. Correct the automatically place and/or | \ /\ / | | |
| Citation: 27 CFR 478.125(e) | | | | | | | | |

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B
Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

Address: 1634 Central Blvd.

Brownsville, TX 78520

1 - Introduction

Inspection Profile:

On March 26, 2018, Industry Operations Investigator (b)(6) conducted a firearms compliance inspection (Southwest Border DE) at the business premises of Cash America Pawn L.P. d/b/a Cash America Pawn of Brownsville #2, (hereafter referred to as Cash America), a Type 02 Federal Firearms Licensee (FFL). No other federal, state, or local agencies were present during the inspection. Store Manager Manuel M. Garcia was interviewed and identified with his Texas driver's license, DL (b)(6) showing DOB (b)(6) (Exhibit 1). The period of inspection was from March 26, 2017 to March 26, 2018. The on-site inspection commenced on March 26, 2018 and was completed on April 4, 2018 when the Report of Violations was issued and the Acknowledgement of Federal Firearms Regulations was reviewed with the licensee. Advanced notification of the inspection was not provided.

Business Profile:

Cash America operates as a licensed pawnshop that provides secured cash loans and buys and sells an assortment of used consumer goods, including jewelry, electronics, appliances, musical instruments, sporting goods, tools, and firearms. The business is licensed with the state of Texas under pawn license number 984-7311 (Exhibit 2). Cash America possesses a Type 02 Federal Firearms License as a dealer and pawnbroker of firearms other than destructive devices. The license was originally issued on January 28, 1992 and is the only ATF license possessed by the licensee at this location. The licensee conducts retail sales of new and used firearms, provides cash loans for firearms brought in as collateral, and returns firearms redeemed from pawn. The licensee buys and sells handguns, hunting rifles, and shotguns. During the period of inspection, the licensee acquired (b)(4) firearms and disposed of (b)(4) firearms. New firearms are acquired from (b)(4)The licensee does not sell NFA firearms, provide gunsmith services, or conduct business online or at gun shows. There is no off-site storage of firearms.

The business is conducted from a commercial storefront in Brownsville, Texas (urban). The premises are owned by Cash America International Inc. as verified with the Cameron County Appraisal District (Exhibit 3). There are no other businesses located on the premises. The licensee is compliant with all state and local laws, including zoning. Cash America Pawn of Brownsville #2 possesses

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B
Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

an active Texas Sales and Use Tax Permit with taxpayer number (b)(3)-26 USC 6103 (Exhibit 4) and the Franchise Account Status is active (Exhibit 5).

Ownership and Control:

Cash America Pawn L.P. is registered with the Texas Secretary of State as a foreign limited partnership (Exhibit 6). The original date of filing for the entity in Texas was on December 16, 1991. Cash America Holding, Inc., a Delaware corporation, is the general partner and possesses .9% ownership and Cash America, Inc., a Delaware corporation, is a limited partner with 99.1% ownership. Both partners are currently owned by Frontier Merger Sub, LLC as part of the 2016 merger between Cash America International, Inc. and First Cash Financial Services, Inc. Upon completion of the merger, Frontier Merger Sub, LLC will become Cash America, LLC; a wholly owned subsidiary of First Cash, Inc. Cash America Pawn L.P. possesses an assumed name certificate to conduct business in the state of Texas under the name Cash America Pawn of Brownsville #2 (Exhibit 7). The certificate is valid until December 12, 2024.

The current executive officers and directors of Cash America Holding, Inc. (general partner) and Cash America L.P. are as follows:

Daniel R. Feehan - Chief Executive Officer

Dennis J. Weese - President

Thomas A. Bessant Jr. – Executive Vice President and Chief Financial Officer J. Curtis Linscott – Executive Vice President, Secretary, and Director

David J. Clay – Senior Vice President and Director

Austin D. Nettle – Vice President and Treasurer

Michael L. Gilliland - Vice President

Manuel Garcia is the current store manager and is correctly listed in FLS as a responsible person. No other responsible persons were identified during the inspection. NCIC and N-Force queries were completed on Manuel Garcia yielding negative results. There have been no unreported changes in the business partnership and hidden ownership is not suspected.

Variance:

The licensee does not possesses any approved variances and none were requested during the inspection.

2 - Recommendation

Viols WL ONLY and No Recall Inspection

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

3 - Inspection History

There have been three compliance inspections within the past 5 years.

Date of Inspection: March 27, 2017 **Type of Inspection:** Compliance

UI#: 782110-2017-0277-B1B

Inspection Results: Viols DIO Held WC ILO Revocation

Cited Violations: 27 CFR 478.21(a), 478.99(c), 478.124(c)(1), 478.124(c)(3)(iv), 478.124(c)(4), 478.125(e)

Date of Inspection: February 10, 2016

Type of Inspection: Compliance

UI#: 782110-2016-0200-B1B

Inspection Results: Viols WL ONLY and No Recall Inspection **Cited Violations:** 27 CFR 478.124(c)(3)(iv), 478.125(e)

Date of Inspection: December 9, 2014

Type of Inspection: Compliance

UI#: 782110-2015-0150-B1B

Inspection Results: Viols WC with WL and Recall

Cited Violations: 27 CFR 478.125(e)

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

Discrepancies were found during a review of the licensee's acquisition and disposition (A&D) record and completion of a full inventory. There were 106 firearms in inventory verified with corresponding open entries in the A&D record. The licensee utilizes a computerized A&D record system called V2 that was designed by the First Cash corporation. On March 8, 2017, the licensee converted to the V2 system as part of the merger between First Cash and Cash America. The system displays the required firearm information in the proper format and allows for queries by firearm serial number, acquisition or disposition date, name of the manufacturer or importer, and name and address of the customer. The licensee is in compliance with the requirements of electronic recordkeeping prescribed by ATF Ruling 2016-1.

A review of the A&D record printout disclosed that the licensee recorded the incorrect disposition of several firearms. When a customer would pay down the principle of a loan, but not take the firearm out of pawn, the V2 system automatically disposes of the firearm and then re-acquires it. First Cash created a new form for their stores to use when this occurs which states "4473 NOT REQUIRED". This is not allowed under the regulations and there is no variance on file to allow this. The following violation was cited (Worksheet 1 and Exhibit 9):

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

Violation 1: 27 CFR 478.125(e) - Instances

A sample of ATF Forms 4473 on file for the period of inspection was compared to the A&D record to verify that the entries were made timely and no discrepancies were found. There were no firearms with obliterated serial numbers or other illegal firearms found in the licensee's inventory. There were no thefts or losses reported by the licensee during the period of inspection or discovered during the inspection.

The licensee's procedures for recording firearm acquisitions and dispositions and maintaining inventory were reviewed during the inspection. All employees are authorized to conduct firearm transactions and must complete yearly training. Acquisition and disposition information is recorded in the computer system at the time the transaction occurs and the licensee generates invoices and pawn tickets for all transactions. The licensee reports the acquisition of all firearms to law enforcement using the LeadsOnline database in order for police departments to identify firearms that have been reported stolen or missing. The V2 system is backed-up daily and the licensee prints an updated copy of the A&D record every two weeks. The licensee conducts a full inventory of firearms every two to three months.

5 - ATF Forms 4473 - NICS & Other Dispositions

There were 115 ATF Forms 4473 on file for the period of inspection. Each form was reviewed and no discrepancies were found. The licensee maintains the forms in chronological order. NICS transaction numbers (21) were compared to the FFL Audit Report and no discrepancies were found. The FFL Audit Report revealed 17 proceed responses and 4 denied transactions, for a total of 21 transactions within the last 60 days from the date the report was requested.

A sample of disposition entries to non-licensees was selected from the A&D record to verify that an ATF Form 4473 was completed for each transaction and no discrepancies were found.

The licensee's procedures for conducting firearm transactions and completing ATF Forms 4473 were evaluated during the inspection. New employees are required to complete on-the-job training prior to conducting transactions and must complete regular online training pertaining to firearm sales and the completion of the ATF Form 4473. The licensee utilizes an electronic version of the ATF Form 4473 which is used for the majority of transactions. Employees are responsible for verifying the identity of customers by requesting a valid identification document and NICS background checks are completed online using the NICS E-Check system. Completed ATF Forms 4473 are required to be reviewed and signed on the front page by a manager. The licensee also requests that customers initial the form acknowledging receipt of the Youth Handgun Safety Act Notice. Cash America conducts internal audits two to three times a year in

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

which the ATF Forms 4473, A&D record, and inventory are reviewed by company auditors and market managers.

6 - Multiple Sales

A query of the eTrace system indicates the licensee had zero multiple sales within the last 12 months. There were no unreported multiple sales.

7 - Suspicious/Prohibited Purchasers

There were no suspicious or prohibited purchasers discovered during the inspection.

8 - Trace Activity

A query of the eTrace system disclosed that the licensee was associated with traces within the last 12 months.

NCIC queries on 106 firearms in the licensee's inventory yielded negative results for stolen firearms.

9 - NFA/Importer/Collector/Manufacturer

The licensee does not deal in NFA firearms and is not an importer, collector, or manufacturer of firearms or ammunition.

10 - Referrals

No referrals were generated as a result of this inspection.

11 - Other

The licensee is compliant with both the Youth Handgun Safety Act (YHSA) and the Child Safety Lock Act. A YHSA poster is displayed on the premises and notices are provided to customers. The licensee also provides a trigger lock with each handgun transferred.

The licensee maintains adequate security on the premises. The property is equipped with an alarm system monitored by Stanley Security Systems, video surveillance, and panic buttons located behind the sales counter. The entry door is equipped with a roll down storm/security shutter. Handguns on the sales floor are kept in a locked display case equipped with an audible alarm and long guns are displayed behind the sales counter on a vertical gun rack equipped with a roll down security door. Firearms on

Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

pawn and layaway are stored in a safe room located next to the manager's office. Key access to the safe room is restricted to management.

12 - Closing Actions

On April 4, 2018, Investigator (b)(6) conducted a closing conference with Mr. Manuel Garcia, Store Manager. Investigator (b)(6) discussed the inspection results and the Report of Violations with Mr. Garcia and he was given the opportunity to ask any questions. Mr. Garcia signed and dated the Report of Violations and was provided with a copy for his records. The Acknowledgement of Federal Firearms Regulations was also reviewed and Mr. Garcia was given the opportunity to ask questions and address any concerns. Mr. Garcia signed and dated the Acknowledgement of Federal Firearms Regulations and was provided a copy for his records (Exhibit 8). The licensee was informed that the 2014 version of the Federal Firearms Regulations Reference Guide is available online and was provided with the following reference materials:

- ➤ Important Notice: Selling Firearms after Revocation, Expiration, or Surrender of an FFL
- ➤ ATF P 5380.1, Loss Prevention for Firearms Retailers
- ➤ ATF Ruling 2016-1, Electronic Acquisition and Disposition Recordkeeping
- ➤ ATF Contact Information

13 - Violations

1. **27 CFR 478.125(e)**

REPEAT VIOLATION cited on 03/27/17, 02/10/16 and 12/09/14.

Nature of Violation:

Failure to correctly record the disposition of a firearm. The computerized A&D Record improperly disposes of a firearm when a customer pays down a loan, even though the firearm never leaves the store and no transfer takes place. This happened in instances:



Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

(b)(3) 112 Pub Law 552 125 STAT 552

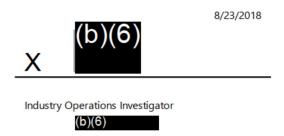
Licensee Response:

Store Manager, Manuel Garcia states, "when First Cash took over Cash America, we were advised to use this form because the A&D book would dispose of a firearm and then re-acquire it even though the customer was just paying down a loan and the firearm never left the store."

Corrective Action:

The compliance officer, (b)(6) , was contacted and was advised to:

- 1. Correct the computerized A&D record so that it does not automatically dispose of a firearm when no transfer takes place and/or
- 2. Apply for a variance from ATF.



Index of Worksheets and Exhibits

Worksheets

Informational Page

Worksheet 1- Inventory A&D Review Worksheet

Worksheet 2- ATF F 4473 Review Worksheet (2012 edition)

Worksheet 2- ATF F 4473 Review Worksheet (2016 edition)

Statistical Page

Exhibits

Exhibit 1: TXDL Images – GARCIA, Manuel

Revised 7/1/15

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Name: Cash America Pawn LP UI#: 782110-2018-0259-B1B
Trade Name: Cash America Pawn of Brownsville #2 FFL#: 5-74-061-02-9A-35383

Exhibit 2: Texas Pawnbroker License

Exhibit 3: Cameron County Appraisal District Property Search

Exhibit 4: Texas Sales and Use Tax Permit Exhibit 5: Franchise Tax Account Status

Exhibit 6: Texas Secretary of State Registration

Exhibit 7: Assumed Name Certificate

Exhibit 8: Acknowledgement of Federal Firearms Regulations

Exhibit 9: Violation #1 A&D Record Dispositions



U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

McAllen II Area Office

McAllen, TX 78501

www.atf.gov

April 13, 2018

782110: (b)(6) 5370

WARNING LETTER

Cash America Pawn LP d/b/a Cash America Pawn of Brownsville #2 1634 Central Blvd. Brownsville, TX 78520

Re: Federal Firearms License Number: 5-74-061-02-9A-35383

Dear Mr. Garcia:

As a result of a recent compliance inspection conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) at your firearms business located at 1634 Central Blvd., Brownsville, TX 78520 on March 26, 2018 through April 04, 2018, you were cited for violations of 27 Code of Federal Regulations, Part 478. The violations were discussed with you during the inspection. A copy of the Report of Violations, ATF Form 5030.5, issued at the time of the inspection is enclosed.

All violations were fully explained to you by ATF Industry Operations Investigator IOI (b)(6)
You indicated that you understood the requirements of the firearms laws and regulations as a licensee. You further indicated that 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

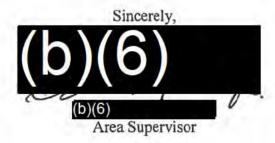
Cash America Pawn LP

Federal Firearms License Number: 5-74-061-02-9A-35383

business. ATF appreciates the efforts you and other industry members make in this area, and we look forward to continuing to work with you in that regard.

You are reminded that retention of your Federal firearms license is conditional upon compliance with Federal laws and regulations. Because the violations cited in this most recent inspection were fully explained to you and you stated you understood your compliance responsibilities as a licensee, 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.

Should you have any questions regarding this matter, please contact Industry Operations Investigator IOI (b)(6) at (b)(6).



cc: Federal Firearms Licensing Center McAllen II Area Office

Attachment