

## Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY)  Surf City Guns & Ammo, LLC Surf City Guns & Ammo 103 Atkinson Point Rd. Surf City, NC 28445, PENDER		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 763050-2017-0444-B1B		
		3. PERMIT/LICENSE NUMBER 156141070E06057	4a. TARGET DATE	4b. TARGET HOURS
		5. REQUESTED BY (SIGNATURE, TITLE AND DATE) 08/22/2017		
6. ATF OFFICER(S) ASSIGNED (b)(6) - Assigned Investigator (b)(6) - Lead Investigator (b)(3) 112 PL 55 125 STAT 552 - Assigned Investigator				
7. ASSIGNED BY (SIGNATURE, TITLE AND DATE) (b)(6) Area Supervisor, 08/22/2017				
8. PURPOSE/SPECIAL INSTRUCTIONS A/S notified that FFL conducted multiple NICS checks on same purchaser with different state of residence claimed. Conduct a full-scope compliance inspection.				
9. INSPECTION RESULTS <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC				
NO. OF VIOLATIONS	3	NO. OF REFERRALS	10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF TECS CHECKS	4	NO. OF TECS HITS	2111 - PER DIEM	
NO. OF TAX ADJUSTMENTS		\$ VALUE OF TAX INCREASES	2112 - P.O.A.	
		\$ VALUE OF TAX DECREASES	2113 - COMM. AIR	
NO. OF ASSESSMENTS		\$ VALUE OF ASSESSMENTS	2114 - RENTAL CAR	
NO. OF CLAIMS		\$ VALUE OF CLAIMS	2115 - GPV EXPENSES	
NO. OF TAX PERIODS		\$ VALUE OF TAXES VERIFIED	2116 - MISC.	
			TOTAL \$ FOR INSP.	
11. ATF OFFICER'S RECOMMENDATION Submitted by (b)(6) - Industry Operations Investigator  Submitted on: 09/25/2017 This recommendation was based on violation #3 (see Report of Violations). Although the licensee erroneously transferred a firearm to what ultimately came back as a prohibited person by not waiting for the appropriate NICS response, they realized the error had been made immediately afterwards and notified the appropriate authorities (local law enforcement as well as ATF). The employee who transferred the firearm was experienced in filling out ATF F 4473s and understood immediately that an error had been made. Nonetheless, he was retrained at the time and at the time of this inspection, was no longer employed by the licensee. It was stressed that all remaining employees are very well versed in ATF F 4473s and have been trained to verify that forms are complete before transferring any firearms in the future regardless of any untruthful attempts by customers. Surf City Guns & Ammo is a relatively large volume dealer and they have had no such problems in the past.  Viols WL ONLY and No Recall Inspection				
12. TIME ACCOUNTING DATA				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
AUG 2017 18.00				
SEP 2017 7.00				
ATF OFFICER'S SUBTOTAL		25.00	ATF OFFICER'S SIGNATURE	
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
AUG 2017 39.50				
SEP 2017 84.50				
ATF OFFICER'S SUBTOTAL		124.00	ATF OFFICER'S SIGNATURE	
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(3) 112 PL 55 125 STAT 552				
AUG 2017 34.00				

## Assignment and Report

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	3. PERMIT/LICENSE NUMBER 156141070E06057	4a. TARGET DATE	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE) 08/22/2017		

### 12. TIME ACCOUNTING DATA

ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(3) 112 PL 55 125 STAT 552
SEP 2017	16.00
ATF OFFICER'S SUBTOTAL	50.00
ATF OFFICER'S SIGNATURE	
TOTAL HOURS	199.00

### 13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION Viols WL ONLY and No Recall Inspection
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<input checked="" type="checkbox"/> REVIEWED	<input checked="" type="checkbox"/> S	<input checked="" type="checkbox"/> FINAL DISPOSITION
SIGNATURE AND TITLE (b)(6) - Area Supervisor	(b)(6)	REVIEW DATE 10/04/2017
ROUTING SEQUENCE AND DATE		
<input checked="" type="checkbox"/> 1. FFLC		
<input type="checkbox"/> 2.		
<input type="checkbox"/> 3.		
<input type="checkbox"/> 4.		
CONTROL FILE POSTED DATE _____		

## Report of Violations

### Instructions

Please write firmly with a ball point pen when completing this form. ATF officers will prepare this form in triplicate. The original copy will be given to the proprietor or a responsible representative. The remaining copies will be submitted with the completed inspection report. Supervisors will detach one copy from the completed report for their files.

Name of Proprietor Surf City Guns & Ammo, LLC Surf City Guns & Ammo	Street Address 103 Atkinson Point Rd.	City Surf City	State NC	Zip Code 28445-	County PENDER	Page 1 of 3 Pages
License/Permit/Registry Number (If any) 156141070E06057		Expiration Date 5/1/2020	Date(s) or Period of Inspection 08/30/2016 through 08/29/2017			

### Inspection Results

An examination of your premises, records and operations has disclosed the following violations which have been explained to you:

Number: 1

#### Nature of Violation:

The licensee failed, on (b)(3) 112 ATF F 4473s out of 2465, to ensure that the purchaser correctly filled out the ATF F 4473. The errors occurred in the following items: Item #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?) and Item #11i (Have you ever renounced your United States Citizenship?).

b)(6) (b)(3) 112 PL 55 125 STAT 552

Citation: 27 CFR 478.124(c)(1)

#### Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken: All violations that occurred in Sections A are uncorrectable.

(If not corrected immediately)



## Report of Violations

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Please write firmly with a ball point pen when completing this form. ATF officers will prepare this form in triplicate. The original copy will be given to the proprietor or a responsible representative. The remaining copies will be submitted with the completed inspection report. Supervisors will detach one copy from the completed report for their files.

Name of Proprietor Surl City Guns & Ammo, LLC Surl City Guns & Ammo	Street Address 103 Atkinson Point Rd.	City Surl City	State NC	Zip Code 28445-	County PENDER	Page 2 of 3 Pages
License/Permit/Registry Number (If any) 156141070E06057		Expiration Date 5/1/2020		Date(s) or Period of Inspection 08/30/2016 through 08/29/2017		

### Inspection Results

An examination of your premises, records and operations has disclosed the following violations which have been explained to you:

Number: 2

#### Nature of Violation:

The licensee failed, on (b)(7)(F) ATF F 4473 out of 2465, and involving (b)(7)(F) handguns, to report a Multiple Handgun Sale (MHS). The licensee did not have a proper check system in place to ensure that all MHS were timely submitted and reported. The licensee then promptly recorded all MHS disclosed during the inspection.

(b)(6) (b)(3) 112 PL 55 125 STAT 552

Citation: 27 CFR 478.126a

#### Date Corrections to be Made:

(If not corrected immediately)

#### Corrective Action to be Taken:

(If not corrected immediately)

The licensee must report to ATF on ATF F 3310.4, any sale or transfer of two or more handguns to an unlicensed individual that occurs within any five consecutive business days. The report must be made no later than the close of the business day that the multiple sale or other disposition occurs. IOI (b)(6) instructed the licensee to fill out an ATF F 3310.4 for the transaction and immediately submit it to NTC.



## Report of Violations

### Instructions

Please write firmly with a ball point pen when completing this form. ATF officers will prepare this form in triplicate. The original copy will be given to the proprietor or a responsible representative. The remaining copies will be submitted with the completed inspection report. Supervisors will detach one copy from the completed report for their files.

Name of Proprietor Surf City Guns & Ammo, LLC Surf City Guns & Ammo	Street Address 103 Atkinson Point Rd.	City Surf City	State NC	Zip Code 28445-	County PENDER	Page 3 of 3 Pages
License/Permit/Registry Number (If any) 156141070E06057		Expiration Date 5/1/2020	Date(s) or Period of Inspection 08/30/2016 through 08/29/2017			

### Inspection Results

An examination of your premises, records and operations has disclosed the following violations which have been explained to you:

Number: 3

#### Nature of Violation:

The licensee failed, on (b)(3) ATF F 4473 out of (b)(3) - 112 Public Law 101-646 wait the required 3 NICS business days for a NICS response before transferring one firearm to a customer. On 08/20/16, (b)(6) filled out an ATF F 4473 at a gun show in order to purchase (b)(3) - 112 Public Law 101-646. The initial NICS response was delayed. (b)(6) approached a different employee later that same day and stated that he had filled out and paid for his firearm and that he was there to pick it up. Erroneously, the other employee saw that an ATF F 4473 had been filled out and transferred the firearm to (b)(6) without further review. On 08/26/16, NICS responded with a denied response. (b)(6) verified that Mr. Stinson was prohibited.

08/20/16, Stinson

Citation: 27 CFR 478.102(a)(2)(ii)

#### Date Corrections to be Made:

(If not corrected immediately)

#### Corrective Action to be Taken:

(If not corrected immediately)

Upon realizing that the firearm had been transferred to the customer, the licensee contacted local law enforcement and ATF immediately. The licensee is fully aware of the necessary requirements to wait the required three business days before transferring a firearm in the event of a delayed response. The employee responsible for transferring the firearm was retrained on the issue and is no longer employed by the licensee.

I Have Received a Copy of This Report of Violations (Proprietor's signature and title)

Date

9-13-17

Signature and Title of Officer

(b)(6)

101

Date

9/13/17

# FIREARMS INSPECTION REPORT

**Name:** Surf City Guns & Ammo, LLC  
**Trade Name:** Surf City Guns & Ammo

**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

**Address:** 103 Atkinson Point Rd.  
Surf City, NC 28445 PENDER

**Hours:** Tues-Sat: 10am-6pm

**Phone:** (910) 328-4499

**Email:** surfcityguns@aol.com

**GPS:** N 34.43602, W 077.55213

## 1 - Introduction

### Inspection Profile:

On 08/22/17, IOIs Nick (b)(6) (Lead), (b)(3) 112 PL 55 125 STAT 552 and Mike (b)(6) received an assignment with instructions to conduct a compliance inspection of Surf City Guns & Ammo, LLC dba Surf City Guns & Ammo located at the above address.

The inspection began on 08/30/17 and concluded on 09/13/17. The scope of the inspection period covered 08/30/16 to 08/29/17. IOIs (b)(6) (b)(3) 112 PL 55 125 S and (b)(6) met with Responsible Person and Manager Dorothy Royal upon arrival; no advanced notification was given. Mrs. Royal was identified by her NC Driver's License (NCDL (b) (6) , expiration 02/10/23).

### Business Profile:

The licensed business premises is a commercial store front property. The licensee conducts business as a manufacturer of firearms, retail sales of firearm related merchandise, ammunition, and gunsmithing services. During the last year the licensee has acquired approximately (b)(4) firearms. Approximately (b)(4) of retail sales are new firearms and (b)(4) are used. Primary suppliers were identified as (b) (6) .

The licensee participates in gun shows as a regular course of business; attending an average of three gun shows per month. Internet sales are also conducted as a regular course of business through sites such as gunbroker.com and armslist.com. There is no offsite storage of firearms. The licensee meets all current zoning requirements and privilege license requirements. No other business is conducted at the premises. Mrs. Royal and her husband, (b) (6) , manage a number of rental properties (a nearby trailer park), and Mr. Royal also owns a construction company.



# FIREARMS INSPECTION REPORT

**Name:** Surf City Guns & Ammo, LLC  
**Trade Name:** Surf City Guns & Ammo

**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

## Ownership and Control:

Surf City Guns & Ammo, LLC is operating as a valid LLC. Mrs. Royal is the only responsible person listed and all FLS information is current.

## Variance:

(b)(3) - 112 Public Law 55 125 Stat 552

## 2 - Recommendation

Viols WL ONLY and No Recall Inspection.

This recommendation was based on violation #3 (see Report of Violations). Although the licensee erroneously transferred a firearm to what ultimately came back as a prohibited person by not waiting for the appropriate NICS response, they realized the error had been made immediately afterwards and notified the appropriate authorities (local law enforcement as well as ATF). The employee who transferred the firearm was experienced in filling out ATF F 4473s and understood immediately that an error had been made. Nonetheless, he was retrained at the time and at the time of this inspection, was no longer employed by the licensee. It was stressed that all remaining employees are very well versed in ATF F 4473s and have been trained to verify that forms are complete before transferring any firearms in the future regardless of any untruthful attempts by customers. Surf City Guns & Ammo is a relatively large volume dealer and they have had no such problems in the past.

## 3 - Inspection History

**Date and Type of Inspection:** 02/04/16, Compliance Inspection  
**UI#:** 763050-2016-0096-B1B  
**Inspection Results:** Viols WL ONLY and No Recall Inspection  
**Cited Violations:** 27 CFR 478.21(a) – (b) instances  
27 CFR 478.124(c)(1) – (b) instances  
27 CFR 478.126a – (b) instances  
27 CFR 478.99(c) – (b) instance

**Date and Type of Inspection:** 6/25/14, Compliance Inspection  
**UI#:** 763050-2014-0180-B1B  
**Inspection Results:** Viols WC with WL and Recall  
**Cited Violations:** 27 CFR 478.125(e) – (b)(3)(1)(2) instances  
27 CRF 478.21(a) – (b)(3) 1 instances



## FIREARMS INSPECTION REPORT

**Name:** Surf City Guns & Ammo, LLC  
**Trade Name:** Surf City Guns & Ammo

**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

27 CFR 478.124(c)(1) – (b)(3) 112 instances  
27 CFR 478.124(c)(3)(i) – (b)(3) instances  
27 CFR 478.124(c)(3)(iii) – (b) instance  
27 CFR 478.124(c)(3)(iv) – (b)(3) instances  
27 CFR 478.124(c)(4) – (b)(3) instances  
27 CFR 478.124(c)(5) – (b) instances  
27 CFR 478.126a – (b) instances  
27 CFR 478.99(c) – (b)(3) instance  
27 CFR 478.99(a) – (b) instances

**Date and Type of Inspection:** 3/9/11, Qualification Inspection  
**UI#:** 763050-2011-0198-B1B  
**Inspection Results:** Application Approved  
**Cited Violations:** N/A

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

The licensee conducts inventories once every two to three months. This was affirmed by the IOIs and was strongly encouraged to be continued; especially considering the volume of transfers and participation in gun shows.

The licensee stated that when a firearm is acquired, the firearm information is typically entered immediately into the A&D record book by Mrs. Royal or her employee, (b) (6). The disposition information is typically entered into the A&D book as soon as the firearm has been transferred. Mrs. Royal stated that they do attempt to record all A&D information immediately. If necessary, it is completed after store hours.

A sales invoice is created that contains the firearm information and the NC GS 14-315.1.

Returned firearms are not accepted but trade-ins are. These situations are treated as a new acquisition.

There were 341 firearms in inventory and they dispose of approximately (b)(3) 112 PL firearms per year. There are personal weapons on the property. Mrs. Royal and her employees spuratically carry a loaded firearm and one loaded firearm is kept above the counter.

The licensee maintains an A&D record, which contained (b)(3) 11 open entries and 341 firearms were found in inventory. All firearms were accounted for in the A&D record by physically comparing the serial number to the entry in the A&D record. The proper format of the A&D was thoroughly discussed and reviewed with the licensee. Approximately 25 firearms were traced through the licensee's required records from acquisition through disposition.

## FIREARMS INSPECTION REPORT

**Name:** Surf City Guns & Ammo, LLC  
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**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

(Attachment #1 – Surf City Guns & Ammo, LLC Worksheets).

### **5 - ATF Forms 4473 – NICS & Other Dispositions**

The licensee maintains serialized ATF F 4473s and they are filed by date of sale. In addition, all gun show ATF 4473s are filed separately by the gun show and date of sale.

Mrs. Royal described the proper way to process ATF F 4473. Only government issued IDs are accepted as proof of identification. Information is not documented on the ATF F 4473 prior to the firearm's sale. Mrs. Royal and (b) (6) are the only persons responsible for entering information into the A&D book and completing the ATF F 4473s. The licensee was lacking in the proper protocol for conducting military sales and transfers. This was discussed thoroughly by IOI (b)(6)

During gun shows, Mr. Royal and their hired help are responsible for completing the ATF F 4473s.

Mrs. Royal or (b) (6) typically double check all ATF F 4473s for completeness and accuracy prior to the transfer. Mrs. Royal performs a formal weekly check of all completed ATF F 4473s in order to address any errors that might have occurred.

There is not a system in place to prevent additional firearms from being added to the ATF F 4473. The NICs checks are completed via phone and NICS ECheck.

For the scope of the ATF F 4473 review, 08/30/16 to 08/29/17, there were (b)(3) - 112 P forms on file. The ATF F 4473s were filed by date of sale. A 100% review of the (b)(3) - 112 P forms was conducted. There were (b)(3) - 112 P forms with errors located during the review.

Verification of NICS audit log to ATF F 4473s was completed on (b)(3) - 11 forms with nothing to report. Transfers to other FFLs and to law enforcement officers were performed correctly.

There was one violation cited that was related to the ATF F 4473s. (Attachment #1 - Surf City Guns & Ammo, LLC Worksheets & Exhibit #2 - ATF F 4473s).

## FIREARMS INSPECTION REPORT

Name: Surf City Guns & Ammo, LLC  
Trade Name: Surf City Guns & Ammo

UI#: 763050-2017-0444-B1B  
FFL#: 1-56-141-07-0E-06057

Violation #1  
27 CFR 478.124(c)(1)  
Repeat Violation

### Nature of Violation:

The licensee failed, on (b)(3) 112 ATF F 4473s out of (b)(3) 112 PL to ensure that the purchaser correctly filled out the ATF F 4473. The errors occurred in the following items: Item #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?) and Item #11j (Have you ever renounced your United States Citizenship?).

(b)(6) (b)(3) 112 PL 55 125 STAT 552

### 6 – Multiple Sales

Mrs. Royal does not have a formal system in place to ensure multiple handgun sales are reported timely. Mrs. Royal typically enters the disposition into the A&D book and defers to memory to detect a MHS. In addition, the point of sale system will display prior sales of the individual but will not notify if an MHS must be completed.

There were 83 MHS reported during the inspection period. The inspection revealed (b)(3) 112 unreported multiple handgun sales involving (b)(3) 112 handguns (Attachment #1 - Surf City Guns & Ammo, LLC Worksheets & Exhibit #2 - ATF F 4473s). IOI (b)(6) had the licensee complete and submit the multiple handgun form immediately. IOI (b)(6) discovered (b)(3) 112 MHS that were completed and sent to the National Tracing Center; however, they were not on the MHS report. IOI (b)(6) had the licensee resubmit these forms.

Violation #2  
27 CFR 478.126a  
Repeat Violation

### Nature of Violation:

The licensee failed, on (b)(3) 112 ATF F 4473 out of (b)(3) 112 PL and involving (b)(3) 112 handguns, to report a Multiple Handgun Sale (MHS). The licensee did not have a proper check system in place to ensure that all MHS were timely submitted and reported. The licensee then promptly recorded all MHS disclosed during the inspection.

(b) (6)



# FIREARMS INSPECTION REPORT

**Name:** Surf City Guns & Ammo, LLC  
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**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

## 7 – Suspicious/Prohibited Purchasers

One prohibited purchaser was identified during the course of this inspection. IOI (b)(6) cited one violation for the transfer of a firearm to an individual who was later found to be prohibited at the time of transfer: (b)(6). (See Violation #3). IOI (b)(6) confirmed that (b)(6) was a prohibited person on 08/30/2017.

### **Violation #3** **27 CFR 478.102(a)(2)(ii)**

#### **Nature of Violation:**

The licensee failed, on (b)(3) 112 ATF F 4473 out of (b)(3) - 112 PL to wait the required 3 NICS business days for a NICS response before transferring one firearm to a customer. On 08/20/16, (b)(6) filled out an ATF F 4473 at a gun show in order to purchase one AK style rifle. The initial NICS response was delayed. (b)(6) approached a different employee later that same day and stated that he had filled out and paid for his firearm and that he was there to pick it up. Erroneously, the other employee saw that an ATF F 4473 had been filled out and transferred the firearm to (b)(6) without further review. On 08/26/16, NICS responded with a denied response. IOI (b)(6) verified that (b)(6) was prohibited.

(b)(6) (b)(3) 112 PL 55 125 STAT 552

## 8 – Trace Activity

For the inspection period, the licensee has had (b)(6) traces. There were no unsuccessful traces. A secondary market analysis of used firearms yielded no results.

## 9 - NFA/Importer/Collector/Manufacturer

The licensee operates as a manufacturer of firearms. Their primary supplier of receivers is Anderson's. The Annual Firearms Manufacturing and Exportation Reports have been submitted timely and accurately by the licensee. The proper procedures for marking firearms and record keeping were thoroughly explained and discussed by IOI (b)(6) during the onsite inspection and closing conference. Any and all issues were addressed and corrected during the inspection period and were completed by the licensee prior to the closing conference.

# FIREARMS INSPECTION REPORT

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**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

## 10 - Referrals

No referrals were generated as a result of this inspection.

## 11 - Other

On 08/18/17, Area Supervisor (b)(6) received an email from (b)(6), ATF Firearms Specialist-NICS Liaison, regarding a purchase made on 08/13/17 by (b)(6). The single purchase was associated with four NICS checks over the course of approximately one hour. Two of the checks were used listing OH as her State of Residence and two were done using NC. IOI (b)(6) located the ATF F 4473 associated with this purchase to verify the information and questioned Mrs. Royal concerning the matter. Mrs. Royal stated that the transaction occurred at the Greenville S&D Gun Show. She stated that cellular reception is always unreliable at that particular venue. Often times multiple calls are made on the same purchase due to dropped calls. With each new call, a new NICS transaction number is created. In this particular case, Mrs. Royal stated that the four calls were made by two different employees (two calls/each) until a call could be completed. IOI (b)(3) 112 PL 55 125 confirmed that (b)(6) was not prohibited and that the transfer had not caused any violations (Exhibit #3 – (b)(6) ATF F 4473).

## 12 - Closing Actions

On 09/13/17, IOI (b)(6) conducted a full review of ATF laws and regulations per the Acknowledgement of Federal Firearms Regulations Form with Mrs. Royal. Mrs. Royal certified receipt by signing the Acknowledgement of Federal Firearms Regulations Form (Exhibit #4 – AFFR).

## 13 - Violations

1. **Violation #1**  
**27 CFR 478.124(c)(1)**  
**Repeat Violation**

### **Nature of Violation:**

The licensee failed, on (b)(3) - 111 ATF F 4473s out of (b)(3) - 112 PL 55 125 to ensure that the purchaser correctly filled out the ATF F 4473. The errors occurred in the following items: Item #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?) and Item #11j (Have you ever renounced your United States Citizenship?).

(b)(6) (b)(3) 112 PL 55 125 STAT 552



## FIREARMS INSPECTION REPORT

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**FFL#:** 1-56-141-07-0E-06057

(b)(6) (b)(3) 112 PL 55 125 STAT 552

### Licensee's Response:

The licensee stated that these errors were an oversight. They will now work more diligently to ensure all ATF F 4473s are complete and accurate.

### Corrective Action:

All violations that occurred in Sections A are uncorrectable.

2. **Violation #2**  
**27 CFR 478.126a**  
**Repeat Violation**

### Nature of Violation:

The licensee failed, on (b)(3) 112 ATF F 4473 out of (b)(3) - 112 PL and involving (b)(6) handguns, to report a Multiple Handgun Sale (MHS). The licensee did not have a proper check system in place to ensure that all MHS were timely submitted and reported. The licensee then promptly recorded all MHS disclosed during the inspection.

(b)(6) (b)(3) 112 PL 55 125 STAT 552

### Licensee's Response:

The licensee stated that these required forms were simply overlooked. The licensee stated that a secondary check system and the utilization of electronic record keeping will help to ensure that this requirement is met timely and accurately.

### Corrective Action:

The licensee must report to ATF on ATF F 3310.4, any sale or transfer of two or more handguns to an unlicensed individual that occurs within any five consecutive business days. The report must be made no later than the close of the business day that the multiple sale or other disposition occurs. IOI (b)(6) instructed the licensee to fill out an ATF F 3310.4 for the transaction and immediately submit it to NTC.

3. **Violation #3**  
**27 CFR 478.102(a)(2)(ii)**

### Nature of Violation:

The licensee failed, on (b)(3) 112 ATF F 4473 out of (b)(3) - 112 PL to wait the required 3 NICS business days for a NICS response before transferring (b)(3) - 112 PL firearm to a customer. On 08/20/16, (b)(6) filled out an ATF F 4473 at a gun show in order to purchase (b)(3) - 112 Public Law 55 125 Stat 552. The initial NICS response was delayed. (b)(6) approached a different employee later that same day and stated that he had filled out and paid for his firearm and that he was there to pick it up. Erroneously, the other



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**UI#:** 763050-2017-0444-B1B  
**FFL#:** 1-56-141-07-0E-06057

employee saw that an ATF F 4473 had been filled out and transferred the firearm to (b) (6) without further review. On 08/26/16, NICS responded with a denied response. IOI (b)(6) verified that (b) (6) was prohibited.

(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

### **Licensee's Response:**

The licensee stated that this was an oversight. It was discovered almost immediately during a double check of the ATF F 4473 and the licensee contacted local law enforcement as well as ATF.

### **Corrective Action:**

Upon realizing that the firearm had been transferred to the customer, the licensee contacted local law enforcement and ATF immediately. The licensee is fully aware of the necessary requirements to wait the required three business days before transferring a firearm in the event of a delayed response. The employee responsible for transferring the firearm was retrained on the issue and is no longer employed by the licensee.

X

(b) (6)

Industry Operations Investigator

### **Index of Worksheets and Exhibits**

Report of Violations

Attachment #1 – Surf City Guns & Ammo, LLC Worksheets

Exhibit #1 – Variance

Exhibit #2 – ATF F 4473s

Exhibit #3 – (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit #4 – Acknowledgement of Federal Firearms Regulations Form



U.S. Department of Justice

Bureau of Alcohol, Tobacco,  
Firearms and Explosives  
1801 Stanley Road, Suite 300  
Greensboro, NC 27407

October 5, 2017

www.atf.gov

763050:(b) (6)  
5373

**WARNING LETTER**

**CERTIFIED RETURN RECEIPT REQUESTED**

Ms. Dorothy Rae Royal  
Surf City Guns & Ammo, LLC  
Surf City Guns & Ammo  
103 Atkinson Point Rd.  
Surf City, NC 28445

RE: 1-56-141-07-0E-06057

Dear Ms. Royal:

During a recent inspection of your firearms business, covering the period August 30, 2016 to August 29, 2017, 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 Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Industry Operations Investigator (b) (6). You indicated that you understood the requirements of the firearms laws and regulations and that corrective action 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.

Ms. Dorothy Rae Royal  
Surf City Guns & Ammo, LLC

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

Sincerely yours,

(b) (6)

Area Supervisor

Enclosure

c: Federal Firearms Licensing Center



**U.S. DEPARTMENT OF JUSTICE  
BUREAU OF ALCOHOL, TOBACCO, FIREARMS  
AND EXPLOSIVES**

**Greensboro II - Industry Operations  
1801 Stanley Rd. - Suite 300  
Greensboro, NC 27407  
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Ms. Dorothy Rae Royal  
Surf City Guns & Ammo, LLC  
Surf City Guns & Ammo  
103 Atkinson Point Rd.  
Surf City, NC 28445

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Sent To Ms. Dorothy Rae Royal  
Street an Surf City Guns & Ammo, LLC  
City, State 103 Atkinson Point Rd.  
Surf City, NC 28445

PS Form 3800, June 2010

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actions