

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) 1st National Pawn, Inc. 1st National Pawn, Inc. #3 110 E. Fairfield Rd. #125 High Point, NC 27263, GUILFORD		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 763050-2015-0316-B1B		
		3. PERMIT/LICENSE NUMBER 156081026L40187	4a. TARGET DATE 11/30/2015	4b. TARGET HOURS
5. REQUESTED BY (SIGNATURE, TITLE AND DATE)				
6. ATF OFFICER(S) ASSIGNED (b)(6) - Lead Investigator (b)(6) - Assigned Investigator				
7. ASSIGNED BY (SIGNATURE, TITLE AND DATE) (b)(6) Area Supervisor, 06/02/2015				
8. PURPOSE/SPECIAL INSTRUCTIONS Conduct a recall compliance inspection.				
9. INSPECTION RESULTS <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC				
NO. OF VIOLATIONS	6	NO. OF REFERRALS		10. TRAVEL EXPENSES (OPTIONAL)
NO. OF TECS CHECKS	16	NO. OF TECS HITS		2111 - PER DIEM
NO. OF TAX ADJUSTMENTS		\$ VALUE OF TAX INCREASES		2113 - COMM. AIR
		\$ VALUE OF TAX DECREASES		2114 - RENTAL CAR
NO. OF ASSESSMENTS		\$ VALUE OF ASSESSMENTS		2115 - GPV EXPENSES
NO. OF CLAIMS		\$ VALUE OF CLAIMS		2116 - MISC.
NO. OF TAX PERIODS		\$ VALUE OF TAXES VERIFIED		TOTAL \$ FOR INSP.
11. ATF OFFICER'S RECOMMENDATION Submitted by (b)(6) - Industry Operations Investigator Submitted on: 08/26/2015 A Warning Letter with No Recall Inspection is recommended as an alternate recommendation in lieu of a Warning Conference. The instance of Violation #3 which warrants a Warning Conference, was (b)(3) - 112 Public instance of not recording any identification on an ATF F 4473 (b)(3) - 112 Public Law 95-129 Stat forms reviewed, which calculated to a 0.1% error rate). Although this violation has been cited in the past, the error rate has decreased for the current inspection (1% in 2008 and 0.2% in 2014). Violations #1, #2, #4, #5 and #6 would result in a recommendation of Report of Violations only. Violts WL ONLY and No Recall Inspection				
12. TIME ACCOUNTING DATA				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
JUL 2015		83.00		
AUG 2015		17.00		
ATF OFFICER'S SUBTOTAL		100.00		
		ATF OFFICER'S SIGNATURE		
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
JUL 2015		18.00		
ATF OFFICER'S SUBTOTAL		18.00		
		ATF OFFICER'S SIGNATURE		
TOTAL HOURS		118.00		

Assignment and Report

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	3. PERMIT/LICENSE NUMBER 156081026L40187	4a. TARGET DATE 11/30/2015	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

Viols WL ONLY and No Recall Inspection

☒ REVIEWED

☒ CONCUR

☐ SEE COMMENTS

☐ FINAL DISPOSITION

SIGNATURE AND TITLE

(b)(6) - Area Supervisor

REVIEW DATE

08/26/2015

REVIEW COMMENTS AND RECOMMENDATION

Due to the limited nature of the violations and the licensee's plan for addressing the violations the DIO concurs with the assigned IOI's recommendation for a warning letter in lieu of a warning conference.

Viols WL ONLY and No Recall Inspection

☒ REVIEWED

☒ CONCUR

☐ SEE COMMENTS

☒ FINAL DISPOSITION

SIGNATURE AND TITLE

SBALBRO - Director of Industry Operations

REVIEW DATE

09/04/2015

ROUTING SEQUENCE AND DATE

- ☐ 1. _____
- ☐ 2. _____
- ☐ 3. _____
- ☐ 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 1st National Pawn, Inc. 1st National Pawn, Inc. #3	Street Address 110 E. Fairfield Rd. #125	City High Point	State NC	Zip Code 27263-	County GUILFORD	Page 1 of 6 Pages
License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

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:

REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06

Failure to accurately record acquisitions and dispositions in the Acquisition and Disposition (A&D) Record. (b)(3) - 112 Public Law 55 125 Stat 552
Firearm dispositions were not recorded, one firearm was logged out when in inventory and (b)(3) - 112 Public Law 55 125 Stat 552
Firearms had incorrectly recorded serial numbers.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The A&D Bound Record was corrected during the inspection. The licensee was directed to ensure all future acquisitions are recorded by the close of business the next business day and all dispositions are recorded within seven days after the disposition. Alternatively, acquisitions can be recorded within seven days, provided there is proper documentation of the acquisition. All firearm serial numbers recorded in the A&D record and on ATF Form 4473 in Section D are to be observed on the firearm itself and not recorded from an invoice, label, box or shoe-tag.

Report of Violations

Reused

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Name of Proprietor 1st National Pawn, Inc. 1st National Pawn, Inc. #3	Street Address 110 E. Fairfield Rd. #125	City High Point	State NC	Zip Code 27263-	County GUILFORD	Page 2 of 6 Pages
License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

Inspection Results

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

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

Citation: 27 CFR 478.125(c)

Report of Violations

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License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

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:

REPEAT OF VIOLATION CITED ON 03/18/14, 03/24/08 and 07/28/06

Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 ensure the purchaser accurately and completely answered all of the items in Section A of the ATF F 4473 prior to the transfer of a firearm.

Date Corrections to be Made:
(If not corrected immediately)

Corrective Action to be Taken:
(If not corrected immediately)

Prior to transferring a firearm to a nonlicensee, the licensee must ensure the purchaser accurately and completely answered all of the items in Section A of the ATF F 4473.

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

Citation: 27 CFR 478.124(c)(1)

Report of Violations

Revised

Instructions

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Name of Proprietor 1st National Pawn, Inc. 1st National Pawn, Inc. #3	Street Address 110 E. Fairfield Rd. #125	City High Point	State NC	Zip Code 27263-	County GUILFORD	Page 4 of 6 Pages
License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

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:

REPEAT OF VIOLATION CITED ON 03/18/14 and 03/24/08

Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, obtain or record proper/complete identification from the transferee prior to the transfer of a firearm.

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

Citation: 27 CFR 478.124(c)(3)(i)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee must ensure that the identities of all nonlicensee transferees are verified with a valid, unexpired identification document issued by a government entity. All alternate documentation must be government issued. The identification information must be correctly recorded on ATF F 4473.

Number: 4

Nature of Violation:

REPEAT OF VIOLATION CITED ON 03/24/08 and 07/28/06

Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, correctly record the transferor's signature and/or the date of the firearm transfer on ATF F 4473.

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee must ensure that the transferor's signature and the date of the firearm transfer are correctly recorded on ATF F 4473 at the time of transfer. In the case of NICS Denials, the transfer date (Item 36) must be left blank.

Report of Violations

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License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

Inspection Results

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

Citation: 27 CFR 478.124(c)(5)

Number: 5

Nature of Violation:

REPEAT OF VIOLATION CITED ON 03/18/14

Failure to, in (b)(3) - 112 Public Law 55 125 Stat forms reviewed, correctly record all required information of the firearm to be transferred in Section D of ATF F 4473.

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

Citation: 27 CFR 478.124(c)(4)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee must ensure that all required firearm information must be correctly documented in items 26-30 in Section D of ATF F 4473.

Report of Violations

REVISED

Instructions

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Name of Proprietor 1st National Pawn, Inc. 1st National Pawn, Inc. #3	Street Address 110 E. Fairfield Rd. #125	City High Point	State NC	Zip Code 27263-	County GUILFORD	Page 6 of 6 Pages
License/Permit/Registry Number (If any) 156081026L40187	Expiration Date 11/1/2016	Date(s) or Period of Inspection 07/08/2015 through 07/23/2015				

Inspection Results

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

Number: 6

Nature of Violation:

REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06

Failure to, in (b)(3) - 112 Public Law 55 125 Stat 55 forms reviewed, fully complete (or failed to ensure the transferee fully completed) ATF F 4473 as the form prescribes.

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

Date Corrections to be Made:
(If not corrected immediately)

Corrective Action to be Taken:
(If not corrected immediately)

During the inspection, remedial training was given to the licensee regarding the proper completion of ATF Form 4473, Firearms Transaction Record. The licensee was directed to ensure that all future customers fully and correctly complete the current edition of this form.

Citation: 27 CFR 478.21(a)

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

Signature and Title of ATF

(b)(6)

Date

9/19/15

Date

09/09/15

FIREARMS INSPECTION REPORT

Name: 1st National Pawn, Inc.
Trade Name: 1st National Pawn, Inc. #3

UI#: 763050-2015-0316-B1B
FFL#: 1-56-081-02-6L-40187

Address: 110 E. Fairfield Road, #125
High Point, NC 27263 (Guilford)
Phones: Store: (336) 434-7296; Cell: (b)(6)
Hours: Monday through Friday 9:00am – 7:00pm, Saturday 10:00am – 5:00pm,
Sunday 11:00am – 5:00pm
GPS: N 35.92433, W 079.98004

1 - Introduction

Inspection Profile:

On 07/08/15, Industry Operations Investigators (IOIs) (b)(6) conducted a recall compliance inspection of 1st National Pawn, Inc. D/B/A 1st National Pawn, Inc. #3, 110 E. Fairfield Road, #125, High Point, North Carolina. Contact was made with Store Manager Nicholas Alan Kennedy (NCDL (b)(6) Exp. 07/07/18) and Corporate VP/Secretary Kyle Edward Farson (NCDL (b)(6) Exp. 01/26/18). The inspection was conducted on 07/08/15, 07/09/15 and 07/23/15. The scope of the inspection covered 07/08/14 through 07/07/15. There was no advanced notification given for the inspection.

Business Profile:

The licensed entity is a pawn shop which deals in items typical to the type of business: jewelry, tools, electronics and firearms. Firearms are acquired from pawn-broking, wholesalers and purchases made from individuals. The primary suppliers are (b)(4). During the scope of the inspection (07/08/14 – 07/07/15), the licensee acquired approximately (b)(4) firearms and transferred approximately (b)(4) firearms. (b)(4) of their sales involve retail firearms with (b)(4) being new firearms and (b)(4) being used firearms. Their firearms transfers are (b)(4) pawn redemptions and (b)(4) sales. At the time of the inspection, there were 349 firearms in inventory. The licensee's hours of operation are Monday through Friday 9:00am – 7:00pm, Saturday 10:00am – 5:00pm and Sunday 11:00am – 5:00pm.

The Type 02 (Dealer/Pawnbroker) license was issued on 10/24/95, and is appropriate for the type of activities conducted by the licensee. All secondary market firearms are uploaded nightly using Leads Online. The licensee does not conduct business at gun shows or over the internet. The licensee does not have any off-site storage of firearms. The licensee possess three other active ATF licenses: 1st National Pawn Inc. #2, Greensboro, NC (FFL #1-56-39993), 1st National Pawn Inc., Lexington, NC (FFL #1-56-01673), and 1st National Pawn Inc. #8, Greensboro, NC (FFL #1-56-09387). The corporation runs five stores in total, but only four possess FFLs. Mr. Farson is in charge of all five stores.

FIREARMS INSPECTION REPORT

Name: 1st National Pawn, Inc.
Trade Name: 1st National Pawn, Inc. #3

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FFL#: 1-56-081-02-6L-40187

The premises is located in a strip mall in an urban area. The property has a monitored alarm system and 16 surveillance cameras. There are also bars on the windows and a tempered (shatter-proof) glass on the doors. Handguns are locked in display cases and long guns are maintained behind the counter and cabled. Pawn, layaway and overstock firearms are maintained in two locked storage rooms, to which only managers know the door lock combinations. Handguns are moved to the locked storage rooms for overnight storage.

Ownership and Control:

1st National Pawn, Inc. has been a registered corporation in North Carolina since 02/02/93 according to the North Carolina Department of the Secretary of State Website (www.secretary.state.nc.us). The registered officers for 1st National Pawn, Inc. are Louise Seawright, President, Dave Scholz, CFO/Treasurer, and Kyle Farson, VP/Secretary. Both Louise Seawright and Kyle Farson are listed as Responsible Persons for the Federal Firearms License. Ms. Seawright and Mr. Farson were run in NCIC with no results. Dave Scholz has no say or control over the firearms aspect of the business and therefore is not listed as a responsible person on the license. There have been no unreported changes in the type of ownership and hidden ownership is not suspected.

Variance:

The licensee was granted a computerized recordkeeping variance on 04/22/04. The licensee's recordkeeping complies with Ruling 2013-5.

2 - Recommendation

Violations, Warning Letter Only, and No Recall Inspection is recommended as an alternate recommendation in lieu of a Warning Conference. Current inspection results disclosed 6 violations, all of which are repeat violations. Based upon these violations, a Warning Conference is warranted; however, a warning letter (no recall inspection) is recommended due to the following:

- (1) Violations #1, #2, #4, #5 and #6 would result in a recommendation of Report of Violations only.
- (2) Violation #3 was a failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, obtain or record proper/complete identification from the transferee prior to the transfer of a firearm. Failure to record valid and complete ID occurred on (b)(3) - 11 forms with an error rate of 0.3%. This portion of the violation would result in a recommendation of Report of Violations only. Failure to record any ID occurred on (b)(3) - 11 form with an error rate of 0.1%. This portion of the violation would result in a Warning Letter. Due to being a repeat violation, the

FIREARMS INSPECTION REPORT

Name: 1st National Pawn, Inc.
Trade Name: 1st National Pawn, Inc. #3

UI#: 763050-2015-0316-B1B
FFL#: 1-56-081-02-6L-40187

recommendation is elevated to a Warning Conference.

- (3) Although failure to record any ID has been cited in the past, the error rate has decreased for the current inspection to 0.1% as the error rate for the 2008 inspection was 1% and the error rate for the 2014 inspection was 0.2%.

3 - Inspection History

Date and Type of Inspection: 03/18/14, Compliance inspection
UI#: 763050-2014-0189-B1B
Inspection Results: ROV, Warning Conference with Warning Letter and Recall Inspection

Cited Violations: 27 CFR 478.125(e), 27 CFR 478.126a, 27 CFR 478.99(c), 27 CFR 478.124(c)(1), 27 CFR 478.124(c)(3)(i), 27 CFR 478.124(c)(3)(iv), 27 CFR 478.124(c)(4), 27 CFR 478.21(a)

Date and Type of Inspection: 03/10/08, Compliance Inspection
UI#: 763050-2008-0233-B1B
Inspection Results: Violations, ROV ONLY, and No Recall Inspection

Cited Violations: 27 CFR 478.124(c)(3)(iv), 27 CFR 478.124(c)(3)(i), 27 CFR 478.124(c)(1), 27 CFR 478.124(c)(5)

Date and Type of Inspection: 06/28/06, Compliance Inspection
UI#: 763050-2006-0275
Inspection Results: Warning Letter with Report of Violations and Referrals

Cited Violations: 27 CFR 478.21(a), 27 CFR 478.124(c)(1), 27 CFR 478.124(c)(3)(iv), 27 CFR 478.124(c)(5), 27 CFR 478.125(e)

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

The licensee maintains a computerized A&D record, which contained (b)(3) open entries. The record is in the proper format. There were 349 firearms found in inventory (Attachment 2 – Informational Page Worksheet; Statistical Page Worksheet). All firearms were accounted for in the A&D record by physically comparing the serial number on the firearm to the entry in the A&D record. There was (b)(3) inventory

FIREARMS INSPECTION REPORT

Name: 1st National Pawn, Inc.
Trade Name: 1st National Pawn, Inc. #3

UI#: 763050-2015-0316-B1B
FFL#: 1-56-081-02-6L-40187

violation cited during the inspection (Attachment 1, Report of Violations: Violation #1; Attachment 2, Inventory and A&D Review Worksheet; Exhibit 1, Inventory and A&D Review supporting documents).

Violation #1 - 27 CFR 478.125(e)

(REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06)

Failure to accurately record acquisitions and dispositions in the Acquisition and Disposition (A&D) Record: (b)(3)-(11) firearm dispositions were not recorded, (b)(3)-(11) firearm was logged out when in inventory and (b)(3)-(11) firearms had incorrectly recorded serial numbers.

Five firearms were traced through the licensee's required records from acquisition through disposition with no reportable issues found. No theft/loss reports were submitted during the inspection period.

The licensee utilizes the Hi Tech Pawn computerized record keeping system which has a point of sale feature which automatically captures dispositions and acquisitions of firearms. The licensee conducts firearm inventories once a quarter. The inventory is conducted by Shannon Farson and serial numbers are verified. Currently, there are two employees who are authorized to sell firearms and make entries in the computerized A&D record. There is one additional employee that is currently in training. Sales invoices are prepared, include the firearm information and can be reprinted. Mr.

(b)(6)

instructed Mr. Kennedy that all personal firearms should be segregated from sale firearms and tagged "personal, not for sale." There are two additional loaded firearms on the premises (a shotgun in the front office and a handgun at the counter) and they are store firearms that are listed in the A&D record.

5 - ATF Forms 4473 - NICS & Other Dispositions

For the scope of the ATF F 4473 review, 07/08/14 through 07/07/15, there were (b)(3)-(11) forms on file. The ATF 4473 forms were filed serially, by date of sale. A 100% review of the (b)(3)-(11) forms was conducted. There were (b)(3)-(11) forms with errors located during the review. There were five violations cited that were related to the ATF F 4473 (Attachment 1, Report of Violations: Violations #2-#6; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents).

Violation #2 - 27 CFR 478.124(c)(1)

(REPEAT OF VIOLATION CITED ON 03/18/14, 03/24/08 and 07/28/06)

Failure to, in (b)(3)-(11) out of (b)(3)-(11) forms reviewed, ensure the purchaser accurately and completely answered all of the items in Section A of the ATF F 4473 prior to the transfer of a firearm.

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Violation #3 - 27 CFR 478.124(c)(3)(i)

(REPEAT OF VIOLATION CITED ON 03/18/14 and 03/24/08)

Failure to, in (b)(3)-(12) out of (b)(3)-(11) forms reviewed, obtain or record proper/complete identification from the transferee prior to the transfer of a firearm.

Violation #4 - 27 CFR 478.124(c)(5)

(REPEAT OF VIOLATION CITED ON 03/24/08 and 07/28/06)

Failure to, in (b)(3)-(12) out of (b)(3)-(11) forms reviewed, correctly record the transferor's signature and/or the date of the firearm transfer on ATF F 4473.

Violation #5 - 27 CFR 478.124(c)(4)

(REPEAT OF VIOLATION CITED ON 03/18/14)

Failure to, in (b)(3)-(12) out of (b)(3)-(11) forms reviewed, correctly record all required information of the firearm to be transferred in Section D of ATF F 4473.

Violation #6 - 27 CFR 478.21(a)

(REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06)

Failure to, in (b)(3)-(12) out of (b)(3)-(11) forms reviewed, fully complete (or failed to ensure the transferee fully completed) ATF F 4473 as the form prescribes.

On 07/08/15, a FFL NICS Audit Log was conducted for the denied status range of 07/08/12-07/08/15 and the non-denied status range of 05/09/15-07/08/15. For the inspection scope, 07/08/14 through 07/07/15, five denied transactions and 36 proceed transactions were verified. There were no reportable issues found during the NICS Audit log review.

The ATF 4473 forms are filed serially, by date of sale. The denied, no transfer and voided forms are filed separately. Identification is verified at every sale and is usually photocopied and attached to the ATF F 4473. Concealed carry permits are usually photocopied and attached, as well. No items are completed on the ATF F 4473 prior to the sale. The employee who completes section B is the individual who signs the form. Prior to the firearm transfer, a second employee reviews the ATF F 4473. A third check is completed the next morning. NICS are conducted via telephone. The computerized A&D record identifies multiple handgun sales and notifies the employee as well as automatically prints a completed ATF 3310.4 form to a printer in the (locked) Manager's office. Currently there are two employees authorized to sell firearms and complete the ATF F 4473 (and one employee currently in training).

6 – Multiple Sales

There were (b)(3) multiple sales (involving (b)(3) firearms) reported during the VCAB reporting period (07/08/12-07/08/15). There were (b)(3) additional multiple sales found during the inspection which were reported by the FFL but were not included in the

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VCAB query results. In each instance, the licensee had completed the current version of the ATF 3310.4 form, faxed it to the correct number and attached the fax confirmation page showing the fax had been successful. IOI (b)(6) could not identify why the multiple sales were not listed on the VCAB report. IOI (b)(6) recommended that the licensee resubmit these (b)(3) multiple sale forms and all future forms via e-mail. Once the forms were submitted via e-mail by the licensee, IOI (b)(6) requested a new VCAB query. During the new VCAB reporting period (07/23/12-07/23/15) all (b)(3) additional multiple sales appeared on the report.

7 – Suspicious/Prohibited Purchasers

There were three suspicious purchasers identified during the inspection (no NICS resolution). Their computerized criminal history searches in NCIC did not reveal any prohibiting convictions.

8 – Trace Activity

On 07/08/15, a Firearms Trace History report was performed by the Violent Crime Analysis Branch. The scope of the query was 07/08/12-07/08/15. (b)(3) - 112 Public Law 55 125 Stat 552



IOI (b)(6) conducted a NCIC query for 11 serialized secondary market firearms found in inventory which were incorrectly recorded in the A&D record (incorrect serial number or acquisition not recorded). All other serialized secondary market firearms were uploaded to Leads Online by the FFL. Approximately (b)(4) used firearms were acquired and approximately (b)(4) were transferred in the past year.

9 - NFA/Importer/Collector/Manufacturer

There were no NFA weapons found during the inspection. According to a NFA Records Search conducted on 07/14/15, the NFA branch does not have a record of any being registered. This licensee does not have an NFA tax stamp, nor are they an importer, a collector or a manufacturer.

10 - Referrals

There were no inspection-related referrals generated during the compliance inspection.

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11 - Other

At the time of the inspection, the licensee was in compliance with North Carolina General Statute 14-315.1 & 2, as well as the Federal Youth Handgun Safety Act and the 2005 Child Safety Lock Act.

12 - Closing Actions

On 07/23/15, IOI (b)(6) met with Mr. Farson and Mr. Kennedy and executed the closing conference. Mr. Farson was issued a Report of Violations on ATF F 5030.5 (Attachment 1). See item 13 below for a breakdown of the violations cited. Mr. Farson acknowledged receipt of the Report of Violations and certified that he received a copy. A full review of ATF laws and regulations were discussed with Mr. Farson and Mr. Kennedy per the Acknowledgement of Federal Firearms Regulations Form. Mr. Farson certified receipt by signing the Acknowledgement of Federal Firearms Regulations Form (Exhibit 3). During the closing conference, Mr. Farson provided IOI (b)(6) with a letter identifying "problems identified with dispositions" (Exhibit 4). The licensee was provided with a copy of the following:

- ATF List of Important Contact Numbers
- ATF P 5300.4, Federal Firearms Regulations Reference Guide
- Firearms Acquisition and Disposition Record example
- ATF Ruling 2013-5, Electronic Acquisition and Disposition Records
- ATF F 4473, Firearm Transaction Record
- ATF I 3310.2, Protection Orders and Federal Firearms Prohibitions
- ATF I 3310.3, Misdemeanor Crimes of Domestic Violence and Federal Firearms Prohibitions
- ATF I 3310.4, Persons Adjudicated as a Mental Defective or Committed to a Mental Institution
- DOJ NICS E-Check brochure
- DOJ NICS Delay/Deny brochure
- ATF P 3317.2, Safety and Security Information
- ATF F 3310.11 & 11A Theft Loss Report/Continuation
- ATF F 3310.4 Report of Multiple Sale or Other Disposition of Pistols
- NICS and NICS Alternatives
- Child Safety Lock Act 2005, Open letter
- FFL EZ Check Website
- ATF I 5300.23A, Important Notice to Dealers and Other Participants at this Gun Show
- Notice of Age Requirements
- ATF I 5300.1 Youth Handgun Safety Poster
- ATF I 5300.2, Youth Handgun Safety Act Notice
- N.C. General Statute 14-315.1, Poster example

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Name: 1st National Pawn, Inc.
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- ATF F 5300.38, Application for Amended FFL
- Out of Business Procedure
- ATF P 5300.5, State Laws and Published Ordinances – Firearms (CD)
- ATF P 3312.8, Personal Firearms Record
- ATF P 5310.1, Gun Free School Zone Notice brochure
- ATF P 5300.15, FFL Quick Reference and Best Practices Guide

13 - Violations

1. 27 CFR 478.125(e)

REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06

Nature of violation: Failure to accurately record acquisitions and dispositions in the Acquisition and Disposition (A&D) Record: (b)(3) - 112 firearm dispositions were not recorded, (b)(3) - 112 firearm was logged out when in inventory and (b)(3) - 112 firearms had incorrectly recorded serial numbers.

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



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Licensee's Response: Mr. Farson stated that their employees "did not have proper focus" and also were assuming that their customers were completing the form correctly. Mr. Farson stated that the store "underwent several employee and manager changes." Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a "bonus for managers with zero errors." They will also have "warning penalties" for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective Action: The A&D Bound Record was corrected during the inspection. The licensee was directed to ensure all future acquisitions are recorded by the close of business the next business day and all dispositions are recorded within seven days after the disposition. Alternatively, acquisitions can be recorded within seven days, provided there is proper documentation of the acquisition. All firearm serial numbers recorded in the A&D record and on ATF Form 4473 in Section D are to be observed on the firearm itself and not recorded from an invoice, label, box or shoe-tag.

Reference: Attachment 1, Report of Violations; Attachment 2, Inventory and A&D Review Worksheet; Exhibit 1, Inventory and A&D Review supporting documents

2. **27 CFR 478.124(c)(1)**

REPEAT OF VIOLATION CITED ON 03/18/14, 03/24/08 and 07/28/06

Nature of violation: Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, ensure the purchaser accurately and completely answered all of the items in Section A of the ATF F 4473 prior to the transfer of a firearm.

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

Licensee's Response: Mr. Farson stated that their employees "did not have proper focus" and also were assuming that their customers were completing the form

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correctly. Mr. Farson stated that the store “underwent several employee and manager changes.” Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a “bonus for managers with zero errors.” They will also have “warning penalties” for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective action: Prior to transferring a firearm to a nonlicensee, the licensee must ensure the purchaser accurately and completely answered all of the items in Section A of the ATF F 4473.

Reference: Attachment 1, Report of Violations; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents

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

REPEAT OF VIOLATION CITED ON 03/18/14 and 03/24/08

Nature of violation: Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, obtain or record proper/complete identification from the transferee prior to the transfer of a firearm.

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

Licensee's Response: Mr. Farson stated that their employees “did not have proper focus” and also were assuming that their customers were completing the form correctly. Mr. Farson stated that the store “underwent several employee and manager changes.” Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a “bonus for managers with zero errors.” They will also have “warning penalties” for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective Action: The licensee must ensure that the identities of all nonlicensee transferees are verified with a valid, unexpired identification document issued by a government entity. All alternate documentation must be government issued. The identification information must be correctly recorded on ATF F 4473.

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Reference: Attachment 1, Report of Violations; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents

4. **27 CFR 478.124(c)(5)**

REPEAT OF VIOLATION CITED ON 03/24/08 and 07/28/06

Nature of violation: Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, correctly record the transferor's signature and/or the date of the firearm transfer on ATF F 4473.

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

Licensee's Response: Mr. Farson stated that their employees "did not have proper focus" and also were assuming that their customers were completing the form correctly. Mr. Farson stated that the store "underwent several employee and manager changes." Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a "bonus for managers with zero errors." They will also have "warning penalties" for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective action: The licensee must ensure that the transferor's signature and the date of the firearm transfer are correctly recorded on ATF F 4473 at the time of transfer. In the case of NICS Denials, the transfer date (Item 36) must be left blank.

Reference: Attachment 1, Report of Violations; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents

5. **27 CFR 478.124(c)(4)**

REPEAT OF VIOLATION CITED ON 03/18/14

Nature of violation: Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, correctly record all required information of the firearm to be transferred in Section D of ATF F 4473.

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

Licensee's Response: Mr. Farson stated that their employees "did not have proper focus" and also were assuming that their customers were completing the form correctly. Mr. Farson stated that the store "underwent several employee and manager changes." Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were

FIREARMS INSPECTION REPORT

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completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a “bonus for managers with zero errors.” They will also have “warning penalties” for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective action: The licensee must ensure that all required firearm information must be correctly documented in items 26-30 in Section D of ATF F 4473.

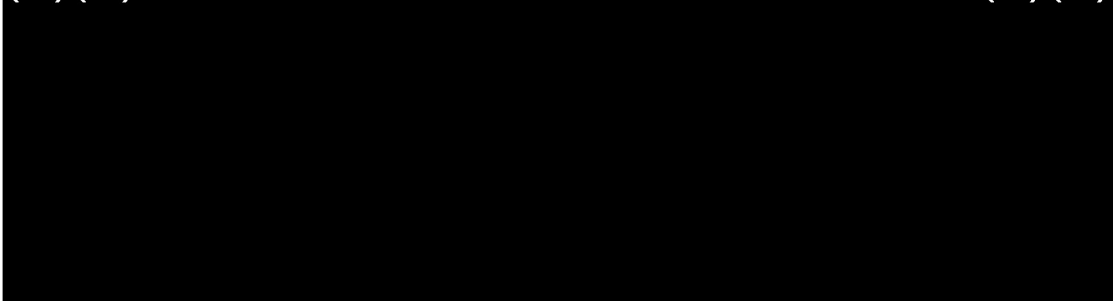
Reference: Attachment 1, Report of Violations; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents

6. **27 CFR 478.21(a)**

REPEAT OF VIOLATION CITED ON 03/18/14 and 07/28/06

Nature of violation: Failure to, in (b)(3) - 112 Public Law 55 125 Stat 552 forms reviewed, fully complete (or failed to ensure the transferee fully completed) ATF F 4473 as the form prescribes.

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



Licensee's Response: Mr. Farson stated that their employees “did not have proper focus” and also were assuming that their customers were completing the form correctly. Mr. Farson stated that the store “underwent several employee and manager changes.” Additionally, Mrs. Farson, the Inventory Control Manager, was called away from the store (b)(6) and her quarterly inventories/4473 checks were completed by other managers. Due to the violations disclosed during this inspection, Mr. Farson stated that they will now be implementing a “bonus for managers with zero errors.” They will also have “warning penalties” for employees with errors that can potentially lead to termination of the employee. They have also changed the frequency of the firearm inventories and 4473 checks from quarterly to monthly.

Corrective action: During the inspection, remedial training was given to the licensee regarding the proper completion of ATF Form 4473, Firearms Transaction Record. The licensee was directed to ensure that all future customers fully and correctly complete the current edition of this form.

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Reference: Attachment 1, Report of Violations; Attachment 2, ATF F 4473 Review Worksheets; Exhibit 2, ATF F 4473 Review supporting documents

X

(b)(6)

Industry Operations Investigator

Index of Worksheets and Exhibits

Attachment 1 – Report of Violations

Attachment 2 – Informational Page Worksheet; Inventory and A&D Review Worksheet; ATF F 4473 Review Worksheets; Statistical Page Worksheet

Exhibit 1 – Inventory and A&D Review supporting documents

Exhibit 2 – ATF F 4473 Review supporting documents

Exhibit 3 – Acknowledgement of Federal Firearms Regulations

Exhibit 4 – Problems Identified with Dispositions Letter, written by Mr. Farson



U.S. Department of Justice

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

September 8, 2015

www.atf.gov

763050 (b)(6)
5373

WARNING LETTER

CERTIFIED RETURN RECEIPT REQUESTED

Mr. Kyle Farson
1st National Pawn, Inc.
1st National Pawn, Inc. #3
95 White Bridge Rd. – Suite 513
Nashville, TN 37205

RE: 1-56-081-02-6L-40187

Dear Mr. Kyle Farson:

During a recent inspection at your firearms business, covering the period July 8, 2014 – July 7, 2015, 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.

Mr. Kyle Farson
1st National Pawn, Inc. #3

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

Sincerely yours,

(b)(6)

Supervisory Industry Operations Investigator

Enclosure

c: Federal Firearms Licensing Center