

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) SHERRARD, KEVIN D THE AUCTION HOUSE 1590 SOUTH BUFFALO STREET CANTON, TX 75103, VAN ZANDT	2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) <p style="text-align: center;">781025-2017-0225-B1B</p> 3. PERMIT/LICENSE NUMBER 4a. TARGET DATE 4b. TARGET HOURS <p style="text-align: center;">575467017D09629 8/30/2017</p> 5. REQUESTED BY (SIGNATURE, TITLE AND DATE)
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6. ATF OFFICER(S) ASSIGNED

(b)(6)/(b)(7)(C)	Assigned Investigator
	- Assigned Investigator
	Assigned Investigator
	Lead Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)

(b)(6)/(b)(7)(C) Acting Area Supervisor, 05/22/2017

8. PURPOSE/SPECIAL INSTRUCTIONS

Conduct a recall firearms disposition emphasis inspection. Ensure the licensee meets local zoning and ATF regulations.

9. INSPECTION RESULTS			<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC	10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF VIOLATIONS	9	NO. OF REFERRALS	3	2111 - PER DIEM	
NO. OF TECS CHECKS	14	NO. OF TECS HITS		2112 - P.O.A.	
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)/(b)(7)(C) - Senior IOI

Submitted on: 08/14/2017

Viols WL ONLY and No Recall Inspection

12. TIME ACCOUNTING DATA		
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)/(b)(7)(C)	
JUN 0	8.00	
JUL 0	4.00	
ATF OFFICER'S SUBTOTAL	12.00	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)/(b)(7)(C)	
JUN 0	7.50	
ATF OFFICER'S SUBTOTAL	7.50	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)/(b)(7)(C)	
JUN 0	3.00	
ATF OFFICER'S SUBTOTAL	3.00	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)/(b)(7)(C)	
MAY 0	2.00	
JUN 0	21.00	
JUL 0	77.00	

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	3. PERMIT/LICENSE NUMBER 575467017D09629	4a. TARGET DATE 8/30/2017	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

12. TIME ACCOUNTING DATA	
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)/(b)(7)(C)
AUG 0	59.00
ATF OFFICER'S SUBTOTAL	159.00
ATF OFFICER'S SIGNATURE	
TOTAL HOURS	181.50

13. REVIEW AND ROUTING	
REVIEW COMMENTS AND RECOMMENDATION Viols WL ONLY and No Recall Inspection	
<input checked="" type="checkbox"/> REVIEWED <input checked="" type="checkbox"/> CONCUR <input type="checkbox"/> SEE COMMENTS <input checked="" type="checkbox"/> FINAL DISPOSITION	
SIGNATURE AND TITLE SBWEBB - Director, Industry Operations	REVIEW DATE 08/17/2017

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 SHERRARD, KEVIN D THE AUCTION HOUSE	Street Address 1590 SOUTH BUFFALO STREET	City CANTON	State TX	Zip Code 75103-	County VAN ZANDT	Page 1 of 5 Pages
License/Permit/Registry Number <i>(if any)</i> 575467017D09629		Expiration Date 1/1/2020	Date(s) or Period of Inspection 06/29/2016 through 06/28/2017			

Inspection Results

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

- | | |
|--|---|
| <p>Number: 1</p> <p>Nature of Violation:
 Failure to furnish all information called for in each ATF Form 4473 as indicated by the headings on the ATF Form 4473 and the instructions on or pertaining to the ATF Form 4473. Number of forms; [] ethnicity (#10a); type of firearm transferred (#18 old form; #16 new form); total number of firearms transferred (#30a); transferor's name (#33) and title (#35)</p> <p>Citation: 27 CFR 478.21(a)</p> | <p>Date Corrections to be Made:
<i>(If not corrected immediately)</i></p> <p>Corrective Action to be Taken: The licensee will ensure that all ATF Forms 4473 are properly completed.
<i>(If not corrected immediately)</i></p> |
| <p>Number: 2</p> <p>Nature of Violation:
 Failure to obtain a properly completed ATF Form 4473 from a nonlicensee, who is a resident of the State which the licensee's premises are located, prior to the transfer of a firearm. Number of forms [] (questions 11e and 11j; place of birth (#3); birth date (#7); answer question 11(i) and certification date (#17))</p> <p>Citation: 27 CFR 478.124(c)(1)</p> | <p>Date Corrections to be Made:
<i>(If not corrected immediately)</i></p> <p>Corrective Action to be Taken: The licensee will ensure that a nonlicensee, prior to the transfer of a firearm, completes all the required information on the ATF Form 4473.
<i>(If not corrected immediately)</i></p> |

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License/Permit/Registry Number (if any) 575467017D09629	Expiration Date 1/1/2020	Date(s) or Period of Inspection 06/29/2016 through 06/28/2017				

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:

Failure to verify and correctly record identification document of transferee on ATF Form 4473.
 Number of forms: [] (expiration date (#20a) of the identification document)

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

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

Corrective Action to be Taken: The licensee will always verify and correctly recorded all identification documents on the ATF Form 4473.
(If not corrected immediately)

Number: 4

Nature of Violation:

Failure to comply with the requirements of §478.102 and accurately record on the form the date on which the licensee contacted the NICS, as well as any response provided by the system, including any identification number provided by the system. Number of forms: [] NICS contact date (#21a); NICS transaction number (#21b); and/or NICS response following an initial delayed response (#21d)

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

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

Corrective Action to be Taken: The licensee will always provide the NICS system contact date or the response provided by the NICS system on the ATF Form 4473.
(If not corrected immediately)

Report of Violations

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License/Permit/Registry Number (If any) 575467017D09629	Expiration Date 1/1/2020	Date(s) or Period of Inspection 06/29/2016 through 06/28/2017				

Inspection Results

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

- Number:** 5
- Nature of Violation:**
 Failure to completely and properly identify the firearm transferred on the ATF Form 4473. Number of forms [] {serial number (#28) of the transferred firearm}
- Citation:** 27 CFR 478.124(c)(4)
- Date Corrections to be Made:**
 (If not corrected immediately)
- Corrective Action to be Taken:** The licensee will completely and properly identify the firearm transferred on the ATF Form 4473.
 (If not corrected immediately)
-
- Number:** 6
- Nature of Violation:**
 Failure to properly record the firearm transfer completion date upon transfer of a firearm to a nonlicensee on the ATF Form 4473. Number of forms [] {transferor's signature (#34) and date of transfer (#36)}
- Citation:** 27 CFR 478.124(c)(5)
- Date Corrections to be Made:**
 (If not corrected immediately)
- Corrective Action to be Taken:** The licensee will ensure to properly record the firearm transfer completion date on the ATF Form 4473 when the firearm is transferred to the transferee.
 (If not corrected immediately)

Report of Violations

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Name of Proprietor SHERRARD, KEVIN D THE AUCTION HOUSE	Street Address 1590 SOUTH BUFFALO STREET	City CANTON	State TX	Zip Code 75103-	County VAN ZANDT	Page 4 of 5 Pages
License/Permit/Registry Number (If any) 575467017D09629	Expiration Date 1/1/2020	Date(s) or Period of Inspection 06/29/2016 through 06/28/2017				

Inspection Results

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

Number: 7

Nature of Violation:
Failure to report and or prepare a Report of Multiple Sale or Other Disposition of Pistols and Revolvers (ATF 3310.4), to report the sale or other disposition two or more pistols or revolvers or any combination thereof to a nonlicensee at one time or during any five consecutive business days. Number of forms: (b)(3) (112 Public Law 55 125 Stat 552), (b)(6)/(b)(7)(C)

(b)(3) (112 Public Law 55 125 Stat 552), (b)(6)/(b)(7)(C)

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

Corrective Action to be Taken:
(If not corrected immediately) The licensee will prepare a Report of Multiple Sale or Other Disposition of Pistols and Revolvers (ATF 3310.4) to report the sale or other disposition two or more pistols or revolvers or any combination thereof to a nonlicensee at one time or during any five consecutive business days.

Citation: 27 CFR 478.126a

Number: 8

Nature of Violation:
Failure to either retain a copy of the purchaser's permit or license and attach it the firearms transaction record, Form 4473, or record the firearms transaction record, Form 4473, any identifying number, the date of issuance, and the expiration date (if provided) from the permit or license in accordance with § 478.102(d)(1). Number of forms: [] {expiration date or permit number of the valid permit from the State}

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

Corrective Action to be Taken:
(If not corrected immediately) The licensee will either retain a copy of permit or license and attach to Form 4473 or record the permit or license identifying number, date of issuance, and expiration date (if provided) on Form 4473.

Citation: 27 CFR 478.131(a)(2)

Report of Violations

Instructions

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Name of Proprietor SHERRARD, KEVIN D THE AUCTION HOUSE	Street Address 1590 SOUTH BUFFALO STREET	City CANTON	State TX	Zip Code 75103-	County VAN ZANDT	Page 4 of 4 Pages
License/Permit/Registry Number (If any) 575467017D09629	Expiration Date 4/1/2020	Date(s) or Period of Inspection 06/29/2016 through 06/28/2017				

Inspection Results

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

Number: 8

Nature of Violation:

Failure to either retain a copy of the purchaser's permit or license and attach it the firearms transaction record, Form 4473, or record the firearms transaction record, Form 4473, any identifying number, the date of issuance, and the expiration date (if provided) from the permit or license in accordance with § 478.102(d)(1). Number of form (expiration date or permit number of the valid permit from the State)

Citation: 27 CFR 478.131(a)(2)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will either retain a copy of permit or license and attach to Form 4473 or record the permit or license identifying number, date of issuance, and expiration date (if provided) on Form 4473.

Number: 9

Nature of Violation:

Failure to timely record firearm disposition information in the Acquisition and Disposition (A&D) Record. Number of instances (date of transfer of firearms)

Citation: 27 CFR 478.125(e)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will accurately and timely maintain the Acquisition and Disposition Record.

Have	(b)(6)/(b)(7)(C)	Signature	(b)(6)/(b)(7)(C)	Date	8/3/2017
Signature	(b)(6)/(b)(7)(C)	Date	8/3/2017		

FIREARMS INSPECTION REPORT

Name: Kevin D Sherrard
Trade Name: The Auction House

UI#: 781025-2017-0225-B1B
FFL#: 5-75-467-01-7D-09629

Address: 1590 South Buffalo Street
Canton, Texas 75103 (Van Zandt County)

1 - Introduction

Inspection Profile:

On June 29, 2017, ATF Senior Industry Operations Investigator (b)(6)/(b)(7)(C) initiated an on-site recall compliance inspection with emphasis on the Southwest Border Initiative at the business premises of Kevin D. Sherrard doing business as (d.b.a.) The Auction House. Investigator (b)(6)/(b)(7)(C) interviewed Mr. Kevin Dwayne Sherrard, responsible person, who positively identified himself with his Texas Driver's License, recorded as number (b)(6)/(b)(7)(C), expiration date December 5, 2021; and (b)(6)/(b)(7)(C). The inspection was conducted without prior notice. No other Federal, State, or local agencies were present during the inspection. The inspection period covered June 29, 2016 through June 28, 2017.

Prior to the inspection, Investigator (b)(6)/(b)(7)(C) queried ATF NForce data base in order to determine if the responsible persons were currently the focus of a criminal investigation. The query revealed no hits.

Investigator (b)(6)/(b)(7)(C) conducted a NCIC/NLETS query on the responsible person, which did not return any information suggesting that the responsible person currently has no criminal history.

Business Profile:

The licensee is licensed as a Type 01, Dealer in Firearms Other Than Destructive Devices. The business premises are located in a commercially zoned area in Canton, Texas (Van Zandt County). Investigator (b)(6)/(b)(7)(C) queried the Van Zandt County Appraisal District to ascertain the owners of the property; which disclosed that the property was owned by (b)(6)/(b)(7)(C). On a previous inspection (781025-2016-0222-B1B), Retired Investigator (b)(6)/(b)(7)(C) (b)(6)/(b)(7)(C) verified that the lease agreement between (b)(6)/(b)(7)(C) and Mr. Sherrard allowed for a firearms business to be conducted on the premises. The property is located within the city limits of Canton, Texas. There are no zoning restrictions to prevent the licensee from conducting a firearms business from the location.

FIREARMS INSPECTION REPORT

Name: Kevin D Sherrard
Trade Name: The Auction House

UI#: 781025-2017-0225-B1B
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The licensee operates as a retail firearms business that conducts the auction of firearms from the store front location, as well as, internet purchases and sales. The licensee does not conduct any wholesale transfers of firearms.

The licensee stated the business buys and sells (b)(4) new and (b)(4) used firearms. The licensee stated their primary suppliers are (b)(4)

(b)(4)
(b)(4) The licensee acquired (b)(4) handguns, (b)(4) long guns, (b)(4) receivers) and disposed of (b)(4) handguns, (b)(4) long guns, (b)(4) receivers) firearms during the inspection period of June 29, 2016 through June 28, 2017.

The licensee does not have a website, but conducts Internet sales through the www.gunbroker.com website. The licensee does not participate in gun shows, but conducts gun/firearm auctions on the business premises. The licensee stated that he would like to conduct his auctions on the road as an organization or association that sponsors function as defined in 27 CFR 478.100(b). Investigator (b)(6)/(b)(7)(C) advised the licensee to provide a written description of the business activities that would be conducted, as well as, information he could provide regarding sponsoring the event, to provide to ATF Legal Counsel to determine if the event would qualify under 27 CFR 478.100(b) or 18 U.S.C. 923(j).

The licensee stated that he does not conduct any gunsmithing/repairs on firearms under the license. The licensee does sell firearms on consignment as part of his business activities during firearm auctions.

The licensee has held his current ATF license since March 14, 2014; and has no off-site storage. The licensee has two additional licensees – 7 Silentium Gun LLC (5-75-07-12594, expiration date January 1, 2020) and Canton Gun Shop LLC (5-75-01-12595, expiration date January 1, 2020). The licensee stated that he would only utilize the license, that is the subject of this inspection, for public auctions.

Ownership and Control:

Kevin D Sherrard d.b.a. The Auction House operates as a sole proprietorship. Mr. Sherrard confirmed that no changes have occurred since acquiring his Federal firearms license in 2014. Investigator (b)(6)/(b)(7)(C) queried the Federal Licensing System (FLS) which lists Kevin D. Sherrard as the only responsible person on the license. The licensee requested to add (b)(6)/(b)(7)(C) (b)(6)/(b)(7)(C) to the license as a responsible person. (b)(6)/(b)(7)(C) is listed as a responsible person on the licensee's other two licenses.

FIREARMS INSPECTION REPORT

Name: Kevin D Sherrard
Trade Name: The Auction House

UI#: 781025-2017-0225-B1B
FFL#: 5-75-467-01-7D-09629

Investigator (b)(6)/(b)(7)(C) queried the licensee in the Texas Secretary of State's website and found that Kevin D. Sherrard is listed as manager and registered agent with Canton Auction House LLC; Lisa Lucas is listed as manager. Canton Auction House LLC has an original filing date of October 6, 2016; utilizing tax identification number (b)(4). Mr. Sherrard is also listed as manager and registered agent with Canton Gun Shop, LLC and 7 Silentium Guns LLC.

Investigator (b)(6)/(b)(7)(C) queried the Texas Comptroller's website to ascertain the status of the licensee's taxpayer number. The query indicated that the licensee has an active taxpayer identification number (b)(4). The licensee does not have an employee identification number.

Investigator (b)(6)/(b)(7)(C) did not discover any findings suggesting hidden ownership is present or an unreported change in ownership has occurred. The responsible persons listed on the license is correctly shown.

Variance:

The licensee utilizes manual Acquisition and Disposition (A&D) bound record books. The licensee has no variances on file with ATF and did not request any during this inspection.

2 - Recommendation

Warning Letter, Report of Violations, No Recall, Referrals Made

FLS: Update database to reflect the following changes or corrections:

- Mailing address from P. O. Box 1502, Canton, TX 75103 to **1590 S. Buffalo Street, Canton TX 75103.**
- Add (b)(6)/(b)(7)(C) to the license as a Responsible Person (b)(6)/(b)(7)(C) (listed as a RP on FFL 5-75-12594 and 5-75-12595)

3 - Inspection History

A review of the Dallas V Area Office disclosed the following inspection history:

Date of Inspection: February 18, 2016
Type of Inspection: Compliance Inspection
UI#: 781025-2016-022-B1B
Inspection Results: Warning Conference Recall Inspection
Cited Violations: 27 CFR 478.21(a); 27 CFR 478.124(c)(1); 27 CFR 478.124(c)(3)(i); 27 CFR 478.124(c)(3)(iii); 27 CFR

FIREARMS INSPECTION REPORT

Name: Kevin D Sherrard
Trade Name: The Auction House

UI#: 781025-2017-0225-B1B
FFL#: 5-75-467-01-7D-09629

478.124(c)(3)(iv); 27 CFR 478.124(c)(4); 27 CFR
478.124(c)(5); 27 CFR 478.125(e); 27 CFR 478.126a

Date of Inspection: February 21, 2014
Type of Inspection: Qualification Inspection
UI#: 781025-2014-0220-B1B
Inspection Results: Application Approved
Cited Violations: None

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

The licensee utilizes manual Acquisition & Disposition (A&D) bound record books. Investigator (b)(6)/(b)(7)(C) viewed the record and found it in proper format. Based on a review of the licensee's A&D record, there were no open entries. The licensee stated there were no firearms in physical inventory, because he transferred all existing inventory to Canton Gun Shop LLC (5-75-12595) when he received the license in 2016. Investigator Bradley found that the record contained all the required information.

Investigator (b)(6)/(b)(7)(C) discovered (b)(6)/(b)(7)(C) discrepancies in comparing the A&D record with the physical inventory; where the licensee failed to provide the date of transfer of the firearms. Details of A&D record violations can be found in Section 14 – Violations. *{Violation #9 – 27 CFR 478.125(e), Worksheet 1 – Inventory Discrepancies, Exhibit 1}*

Investigator (b)(6)/(b)(7)(C) did not identify any trafficking issues relating to the acquisition of firearms. Investigator (b)(6)/(b)(7)(C) did not discover any firearms with altered or obliterated serial numbers and did not discover any illegal firearms. Investigator (b)(6)/(b)(7)(C) discovered no unregistered NFA weapons. The investigator did not trace any firearms through the license's required records from acquisition through disposition. No thefts or losses were disclosed as a result of this inspection.

Mr. Sherrard stated that they conduct monthly physical inventories as well as review the A&D bound record books after each auction. (b)(6)/(b)(7)(C) maintains the A&D books. Mr. Sherrard stated they will only utilize this FFL for his auction business. He will acquire firearms within a week of the scheduled auction. Any firearms that are not sold, he would transfer to his other FFL, Canton Gun Shop LLC (5-75-01-12595).

5 - ATF Forms 4473 – NICS & Other Dispositions

Investigator (b)(6)/(b)(7)(C) requested the entire licensee's ATF Forms 4473 on file for the review period of June 29, 2016 through June 28, 2017. There were (b)(6)/(b)(7)(C) ATF Forms 4473 on file for the review period. Investigator (b)(6)/(b)(7)(C) reviewed all forms for accuracy.

FIREARMS INSPECTION REPORT

Name: Kevin D Sherrard
Trade Name: The Auction House

UI#: 781025-2017-0225-B1B
FFL#: 5-75-467-01-7D-09629

Investigator (b)(6)/(b)(7)(C) found errors on [redacted] forms where the transferor either did not answer or provided a "Yes" for the prohibiting questions. The investigator observed additional errors on the form, including the transferee not accurately completing Section A; and errors conducted by the transferor in Sections B and D. Details of ATF Forms 4473 violations can be found in Section 14 – Violations. *{Violation #1 – 27 CFR 478.21a, Violation #2 – 27 CFR 478.124(c)(1), Violation #3- 27 CFR 478.124(c)(3)(i), Violation #4 – 27 CFR 478.124(c)(iv), Violation #5- 27 CFR 478.124(c)(4), Violation #6 – 27 CFR 478.124(c)(5), Violation #8 – 27 CFR 478.131(a)(2) - Worksheet 2 - Firearms Inspection ATF F 4473, Exhibit 2}*

Prior to the inspection, Investigator (b)(6)/(b)(7)(C) obtained a NICS Audit Log, which showed all NICS Transaction Numbers (NTNs) generated within the last 60 days (December 29, 2016 through June 29, 2017). These transactions include no proceed or open transaction responses, and one denial. Investigator (b)(6)/(b)(7)(C) verified denials were maintained according to the regulations; and found that the licensee was not completing sections 33 through 35 on the forms as required.

The licensee stated no firearm transfers were made to law enforcement officers within the last year. The licensee makes dealer-to-dealer transfers through the website www.gunbroker.com. The licensee stated they verify the status of the Federal firearms licenses prior to transfer. Investigator (b)(6)/(b)(7)(C) verified that the licensee maintains a copy of the Federal Firearms License on file.

6 - Multiple Sales

Prior to the inspection, Investigator (b)(6)/(b)(7)(C) requested a Firearm Trace History (FFL Master Query) from the Violent Crime Analysis Branch. Based on a review of the FFL Master Query, the licensee was associated with [redacted] multiple sale transactions involving [redacted] firearms for the time period June 30, 2014 to June 30, 2017. For the review period, there were [redacted] multiple sales transactions involving [redacted] firearms. Investigator (b)(6)/(b)(7)(C) discover [redacted] unreported multiple sales involving [redacted] handguns and no unreported multiple sales of certain rifles larger than .22 caliber with the ability to accept a detachable magazine during the inspection period.

Details of the multiple sales violations can be found in Section 14 – Violations. *{Violation #7 – 27 CFR 478.126a, Worksheet 2 – Firearms Inspection ATF F 4473, Exhibit 3}*

7 - Suspicious/Prohibited Purchasers

Prior to the inspection, Investigator (b)(6)/(b)(7)(C) requested a Firearm Trace History from the Violent Crime Analysis Branch (VCAB) for the period of June 30, 2014 to June 30,

FIREARMS INSPECTION REPORT

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2017. The query revealed that the licensee was not associated with one FFL theft report.

Investigator (b)(6)/(b)(7)(C) conducted NCIC queries on (b)(6)/(b)(7)(C) individuals where the transferor failed to provide an answer and/or answered "yes" to the prohibiting questions on ATF Form 4473, questions 11b and 11j. The queries resulted in no hits. Investigator (b)(6)/(b)(7)(C) conducted NCIC and Accurint queries on five individuals where no NICS resolution was provided within three business days after an initial "delayed" response. The queries resulted in no hits.

Investigator (b)(6)/(b)(7)(C) conducted a comparison of the ATF Forms 4473 on file for the inspection period for individuals with repeat firearm purchases, same addresses, and similar last names. Investigator (b)(6)/(b)(7)(C) identified five possible traffickers and/or suspicious purchasers during the inspection. Investigator (b)(6)/(b)(7)(C) conducted NCIC queries on the individuals which resulted in no hits.

8 - Trace Activity

Investigator (b)(6)/(b)(7)(C) obtained the Firearm Trace History from the VCAB. Kevin D. Sherrard was associated with (b)(6)/(b)(7)(C) firearm trace requests (including (b)(6)/(b)(7)(C) duplicate) and (b)(6)/(b)(7)(C) (b)(3) (112 Public Law 55 125 Stat 552) firearm that has not been recovered during the period June 30, 2014 to June 30, 2017. There were (b)(6)/(b)(7)(C) successful traces within the last 12 months (b)(3) (112 Public Law 55 125 Stat 552)

Investigator (b)(6)/(b)(7)(C) did not discover any firearms traces for firearms recovered outside of the United States.

9 - NFA/Importer/Collector/Manufacturer

The licensee is not an importer, collector, or manufacturer.

10 - Referrals

The investigator reviewed ATF F 4473 on file for the review period to determine if there were any individuals purchasing 10 or more firearms within a one-year period. The investigator reviewed the forms for similar last names and addresses of multiple firearm purchasers.

Investigator (b)(6)/(b)(7)(C) contacted (b)(6)/(b)(7)(C) ATF IOI/Intelligence Specialist, after it was observed that the following individuals were purchasing a large amount of firearms.

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Investigator: (b)(6)/(b)(7)(C) generated the following referrals to ATF Dallas I Intel Group for informational purposes of possible firearms trafficking:

(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)/(b)(7)(C)

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Investigator (b)(6)/(b)(7)(C) conducted a query of the Federal Licensing System (FLS) on each individual, which disclosed no active or inactive Federal Firearms License (FFL) information. Investigator (b)(6)/(b)(7)(C) conducted queries of NForce revealed no active or inactive criminal investigations for these individuals.

11 - Other

The licensee has secure gun storage and safety devices available for purchasers of firearms. The premises are not located within 1,000 feet of a school zone. Investigator (b)(6)/(b)(7)(C) also observed that the licensee had the Youth Handgun Safety Act Poster hung at the premises. A Youth Handgun Safety Act Notice (ATF I 5300.2) is given to each individual with the purchase of a handgun.

12 - Closing Actions

On August 3, 2017, Investigator (b)(6)/(b)(7)(C) held a closing conference with Mr. Kevin Sherrard, responsible person. Investigator (b)(6)/(b)(7)(C) issued the licensee a Report of Violations (ROV) and discussed each violation and corrective action thoroughly with Mr. Sherrard. Investigator (b)(6)/(b)(7)(C) afforded him the opportunity to ask questions and asked Mr. Sherrard to sign the ROV. Mr. Sherrard was provided a copy of the ROV for the licensee's records.

Investigator (b)(6)/(b)(7)(C) reviewed the Acknowledgement of Federal Firearms Regulations with Mr. Sherrard and afforded him the opportunity to ask questions. Investigator (b)(6)/(b)(7)(C) asked Mr. Sherrard to sign the acknowledgement and he was provided a copy for the licensee's records **{Exhibit 4}**.

Investigator (b)(6)/(b)(7)(C) provided the licensee with several copies of ATF P 5310.2, Do I Need A License to Bury and Sell Firearm? to distribute to nonlicensee during auctions involving firearms.

13 - Violations

1. **27 CFR 478.21(a)**

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to furnish all information called for in each ATF Form 4473 as indicated by the headings on the ATF Form 4473 and the instructions on or pertaining to the ATF Form 4473. *Number of forms:*

Specifically, the licensee failed to ensure that the nonlicensee accurately provide the ethnicity (#10a) on ATF Form 4473. The licensee did not accurately provide the type of

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firearm transferred (#18 old form; #16 new form); indicate the total number of firearms transferred (#30a); and provide the transferor's name (#33) and title (#35) on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that he felt the errors were minimum. He stated that they will have to start paying closer attention to the forms and have better quality control. He also stated that they will implement a double check system.

Corrective Action: The licensee will ensure that all ATF Forms 4473 are properly completed.

Reference: Worksheet 2, Exhibit 2

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

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to obtain a properly completed ATF Form 4473 from a nonlicensee, who is a resident of the State which the licensee's premises are located, prior to the transfer of a firearm. *Number of forms*

Specifically, the licensee failed to ensure that the nonlicensee answered questions 11e (Are you an unlawful user of, or addicted to, marijuana or any depressant, stimulant, narcotic drug, or any other controlled substance?); and 11j (Have you ever renounced your United States citizenship?) on the ATF Form 4473. The licensee also failure to ensure that the nonlicensee accurately complete place of birth (#3); birth date (#7); answer question 11j (Have you ever renounced your United States?); and certification date (#17) on the ATF Forms 4473.

Investigator conducted NCIC queries on the nonlicensees, which resulted in no hits.

Licensee's Response: Mr. Sherrard stated that sometimes the employee isn't paying attention or gets distracted when they are conducting a transaction. He stated they will have better quality control in the future.

Corrective Action: The licensee will ensure that a nonlicensee, prior to the transfer of a firearm, completes all the required information on the ATF Form 4473.

Reference: Worksheet 2, Exhibit 2

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

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to verify and correctly record identification document of transferee on ATF Form 4473. *Number of forms:*

Specifically, the licensee did not accurately record the expiration date (#20a) of the identification document on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that sometimes the customer continues to complete the identification information on the form. He stated they will have better quality control in the future.

Corrective Action: The licensee will always verify and correctly recorded all identification documents on the ATF Form 4473.

Reference: Worksheet 2, Exhibit 2

4. **27 CFR 478.124(c)(3)(iv)**

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to comply with the requirements of §478.102 and accurately record on the form the date on which the licensee contacted the NICS, as well as any response provided by the system, including any identification number provided by the system. *Number of forms:*

Specifically, the licensee failed to accurately record the NICS contact date (#21a); NICS transaction number (#21b); and/or NICS response following an initial delayed response (#21d) on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that most of the errors were conducted by a former employee. He stated the errors occurred because he did not properly train that employee. Mr. Sherrard stated that he will implement training to all employees on accurately completing and reviewing the form. He will also implement a double check system.

Corrective Action: The licensee will always provide the NICS system contact date or the response provided by the NICS system on the ATF Form 4473.

Reference: Worksheet 2, Exhibit 2

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

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to completely and properly identify the firearm transferred on the ATF Form 4473. *Number of forms*

Specifically, the licensee did not accurately record the serial number (#28) of the transferred firearm on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that the transactions occurred after an auction and they did not realize they did not completely record the serial number on the form. Mr. Sherrard stated that he will implement training to all employees on accurately completing and reviewing the form. He will also implement a double check system.

Corrective Action: The licensee will completely and properly identify the firearm transferred on the ATF Form 4473.

Worksheets and Exhibits: Worksheet 2; Exhibit 2

6. **27 CFR 478.124(c)(5)**

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to properly record the firearm transfer completion date upon transfer of a firearm to a nonlicensee on the ATF Form 4473. *Number of forms*

Specifically, there were forms where the licensee did not provide the transferor's signature (#34) and forms where the licensee did not accurately record the date of transfer (#36) on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that sometimes the employee isn't paying attention or gets distracted when they are conducting a transaction. He stated they will have better quality control in the future.

Corrective Action: The licensee will ensure to properly record the firearm transfer completion date on the ATF Form 4473 when the firearm is transferred to the transferee.

Reference: Worksheet 2, Exhibit 2

7. **27 CFR 478.126a**

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REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to report and or prepare a Report of Multiple Sale or Other Disposition of Pistols and Revolvers (ATF 3310.4), to report the sale or other disposition two or more pistols or revolvers or any combination thereof to a nonlicensee at one time or during any five consecutive business days. *Number of forms:*

Specifically, the licensee did not submit ATF 3310.4 as required in instances

(b)(3) (112 Public Law 55 125 Stat 552), (b)(6)/(b)(7)(C) The

investigator found copies of the forms in the file, but when queries of ATF eTrace database was conducted, no results were found.

Licensee's Response: Mr. Sherrard stated that at the time they had a faulty fax machine. They have purchased a newer model that enables them to send multiple faxes and print a confirmation page.

Corrective Action: The licensee will prepare a Report of Multiple Sale or Other Disposition of Pistols and Revolvers (ATF 3310.4) to report the sale or other disposition two or more pistols or revolvers or any combination thereof to a nonlicensee at one time or during any five consecutive business days.

The investigator advised the licensee to resubmit the forms via fax or email to www.multiplehandgunsalesforms@atf.gov.

Reference: Worksheet 2, Exhibit 3

8. **27 CFR 478.131(a)(2)**

Nature of Violation: Failure to either retain a copy of the purchaser's permit or license and attach it the firearms transaction record, Form 4473, or record the firearms transaction record, Form 4473, any identifying number, the date of issuance, and the expiration date (if provided) from the permit or license in accordance with § 478.102(d)(1). *Number of forms:*

Specifically, the licensee did not accurately record the expiration date or permit number of the valid permit from the State on the ATF Form 4473.

Licensee's Response: Mr. Sherrard stated that he felt the errors were minimum considering the amount of transfers that occurred. He stated that they will have to start paying closer attention to the forms and have better quality control. He also stated that they will implement a double check system.

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Corrective Action: The licensee will either retain a copy of permit or license and attach to Form 4473 or record the permit or license identifying number, date of issuance, and expiration date (if provided) on Form 4473.

Reference: Worksheet 2, Exhibit 2

9. **27 CFR 478.125(e)**

REPEAT VIOLATION: February 18, 2016

Nature of Violation: Failure to timely record firearm disposition information in the Acquisition and Disposition (A&D) Record. *Number of instances:*

Specifically, the licensee did not record the date of transfer of firearms in the A&D record. The licensee acquired a new FFL and transferred several firearms from their records to the new A&D book and did not record the date that the transfer take place. The investigator verified the transfers in the new A&D book.

Licensee's Response: Mr. Sherrard stated that the employee didn't provide the date in error, because they had so many firearms to transfer to the new A&D book. Mr. Sherrard stated that they conduct monthly reviews of the A&D book.

Corrective Action: The licensee will accurately and timely maintain the Acquisition and Disposition Record. The licensee corrected the A&D record at time of inspection.

Reference: Worksheet 2, Exhibit 1

8/14/2017

X

Industry Operations Investigator

Signed by:

Index of Worksheets and Exhibits

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Firearms Inspection – Statistical Page

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Exhibit 1 – Copy of A&D with errors
Exhibit 2 - Copy of ATF Form 4473 with errors
Exhibit 3 – Copy of errors Multiple Sales
Exhibit 4 – Acknowledgement of Federal Firearms Regulations



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

August 17, 2017

www.atf.gov

781025 (b)(6)/(b)(7)(C)
5000

SHERRARD, KEVIN D
THE AUCTION HOUSE
1590 SOUTH BUFFALO STREET
CANTON, TX 75103-
RE: 575467017D09629

Dear Mr. Kevin D. Sherrard:

During a recent inspection at your firearms business covering the period June 28, 2016 to June 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 or your designated responsible person by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Industry Operations Investigator(s). You or your responsible person indicated that you understood the requirements of the firearms laws and regulations and 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 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.

SHERRARD, KEVIN D

Should you have any questions regarding this matter, please contact (b)(6)/(b)(7)(C), Senior Industry Operations Investigator at (b)(6)/(b)(7)(C)

Sincerely yours,

(b)(6)/(b)(7)(C)

Area Supervisor for Dallas Group V

Enclosure

cc: Federal Firearms Licensing Center
Dallas V (IO) Field Office