

Assignment and Report

| | | | |
|---|---|------------------------------|------------------|
| 1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) Fountain Firearms Investments, Inc. 9478 Highway 6 South Houston, TX 77083, Fort Bend - 157 | 2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 782075-2014-0020-B1B | | |
| | 3. PERMIT/LICENSE NUMBER 576157014G28557 | 4a. TARGET DATE 2/28/2014 | 4b. TARGET HOURS |
| | 5. REQUESTED BY (SIGNATURE, TITLE AND DATE) | | |

6. ATF OFFICER(S) ASSIGNED
(b) (6) - Lead Investigator
(b) (6) - Assigned Investigator
(b) (6) - Assigned Investigator
(b) (6) - Assigned Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)
(b) (6), Area Supervisor, 10/01/2013

8. PURPOSE/SPECIAL INSTRUCTIONS

| 9. INSPECTION RESULTS | | <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC | | 10. TRAVEL EXPENSES (OPTIONAL) | |
|------------------------|----|---|----------------------------------|--------------------------------|--|
| NO. OF VIOLATIONS | 15 | NO. OF REFERRALS | (b) (3) - Public Law 114-58 [12] | 111 - PER DIEM | |
| NO. OF TECS CHECKS | 68 | 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) - Industry Operations Investigator

Submitted on: 11/29/2016
The following updates are needed in FLS:

Please remove the trade name of Fountain Firearms on 5-76-28557.

Since 2004, the licensee has had five compliance inspections. The inspection in 2004 resulted in a recall inspection based on two violations. The inspection in 2007 resulted in a WL, based on three violations, of which, two were repeat violations. The inspection in 2009 resulted in a WC and a recall inspection based on 13 violations, of which ten were repeat violations. This inspection also resulted in 23 missing firearms after ATF inventory, reported missing on F20090001753. The inspection in 2011 resulted in a WC with a WL, and a Recall Inspection, based on seven violations, of which five were repeat violations. This inspection also resulted in 11 missing firearms after ATF inventory, reported missing on F20110000963. The inspection in 2012 resulted in a WL and a Recall Inspection based on six violations, of which, all six were all repeat violations. This inspection also resulted in (b) (3) - Public Law 114-58 [12] missing firearms after ATF inventory, reported missing on F20120001888. During the current inspection, the licensee was cited for 15 violations. Of the 15 violations, 12 violations were repeat. Of the 12 violations, seven of the violations had more instances than previous inspections. This inspection also resulted in (b) (3) - Public Law 114-58 [12] missing firearms after ATF inventory, reported missing on F20130002058. There was (b) (3) - Public Law 114-58 [12] trace for the licensee within the inspection period. Given the licensee has had a Federal firearms license since 1984, has had some kind of adverse action and repeat violations in every compliance inspection they have ever had, has had missing firearms in every compliance inspection since 2009. Willfulness has been established for revocation.

Viols and Revocation / Denial of Renewal App

| 12. TIME ACCOUNTING DATA | | |
|---|---------|--|
| ATF OFFICER'S NAME (MONTH, YEAR, HOURS) | (b) (6) | |
| OCT 2013 | 122.00 | |
| NOV 2013 | 16.50 | |
| DEC 2013 | 2.00 | |
| JAN 2014 | 34.00 | |
| FEB 2014 | 17.00 | |

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| | | | |

12. TIME ACCOUNTING DATA

| | |
|---|--------|
| ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b) (6) | |
| MAR 2014 | 15.00 |
| APR 2014 | 61.00 |
| MAY 2014 | 14.00 |
| SEP 2014 | 47.00 |
| OCT 2014 | 79.00 |
| NOV 2014 | 67.00 |
| DEC 2014 | 32.00 |
| JAN 2015 | 71.00 |
| FEB 2015 | 8.00 |
| JUN 2015 | 28.00 |
| SEP 2015 | 2.00 |
| OCT 2015 | 7.00 |
| NOV 2015 | 5.00 |
| DEC 2015 | 4.00 |
| JAN 2016 | 43.00 |
| FEB 2016 | 6.00 |
| APR 2016 | 7.00 |
| SEP 2016 | 32.00 |
| NOV 2016 | 2.00 |
| ATF OFFICER'S SUBTOTAL | 721.50 |
| ATF OFFICER'S SIGNATURE | |
| ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b) (6) | |
| OCT 2013 | 49.00 |
| ATF OFFICER'S SUBTOTAL | 49.00 |
| ATF OFFICER'S SIGNATURE | |
| ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b) (6) | |
| OCT 2013 | 48.00 |
| JAN 2014 | 8.50 |
| FEB 2014 | 13.50 |
| APR 2014 | 27.00 |
| MAY 2014 | 18.00 |
| ATF OFFICER'S SUBTOTAL | 115.00 |
| ATF OFFICER'S SIGNATURE | |
| ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b) (6) | |
| OCT 2013 | 102.00 |
| NOV 2014 | 8.00 |
| ATF OFFICER'S SUBTOTAL | 110.00 |
| ATF OFFICER'S SIGNATURE | |
| TOTAL HOURS | 995.50 |

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13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

Viols and Revocation / Denial of Renewal App

☒ REVIEWED ☒ CONCUR ☐ SEE COMMENTS ☐ FINAL DISPOSITION

| | |
|--|---------------------------|
| SIGNATURE AND TITLE (b) (6) L - Area Supervisor | REVIEW DATE 04/27/2015 |
|--|---------------------------|

REVIEW COMMENTS AND RECOMMENDATION

Because of the length of time taken to complete the assignment, corrections and final review by the DIO, a DIO held warning conference is recommended in lieu of revocation. The license expires July 1, 2017, if not timely renewed. If a DIO held warning conference is approved, a recall inspection will be conducted and completed prior to the license expiration date to determine current compliance.

Viols DIO (or Delegate) Held WC ILO Revocation

☒ REVIEWED ☐ CONCUR ☒ SEE COMMENTS ☒ FINAL DISPOSITION

| | |
|---|---------------------------|
| SIGNATURE AND TITLE TLCARTER - Director, Industry Operations | REVIEW DATE 08/30/2016 |
|---|---------------------------|

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.

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| Name of Proprietor Fountain Firearms Investments, Inc. | Street Address 9478 Highway 6 South | City Houston | State TX | Zip Code 77083- | County Fort Bend - 157 | Page 1 of 17 Pages |
| License/Permit/Registry Number <i>(If any)</i> 576157014G28557 | | Expiration Date 7/1/2014 | | Date(s) or Period of Inspection 10/08/2013 through 11/14/2014 | | |

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: 27 CFR 478.21(a)
Date Corrections to be Made: *(If not corrected immediately)*
Corrective Action to be Taken: *(If not corrected immediately)*

Failure to obtain and/or furnish all information required in each ATF Form 4473 as indicated by the headings on the form and the instructions on or pertaining to it, [REDACTED].

| Date | Name | Error |
|--|------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |
| [REDACTED] | | |

Citation: 27 CFR 478.21(a)

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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:
27 CFR 478.124(c)(1)

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

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

Failure to obtain a properly completed ATF Form 4473, Section A, prior to making an over-the-counter transfer of a firearm to a non-licensee, (b)(3) - Public Law 112-55.

| Date | Name | Error |
|--|------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |
| | | |

Citation: 27 CFR 478.124(c)(1)

Report of Violations

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| License/Permit/Registry Number <i>(If any)</i> 576157014G28557 | Expiration Date 7/1/2014 | Date(s) or Period of Inspection 10/08/2013 through 11/14/2014 | | | | |

Inspection Results

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

Number: 5

Date Corrections to be Made:

(If not corrected immediately)

Nature of Violation:

Corrective Action to be Taken:

(If not corrected immediately)

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

Failure to comply with the requirements of Sec.478.102 and record on the ATF Form 4473 the date on which the licensee contacted NICS, as well as any responses or identification number provided by the system.

(b) (3) - Public Law 112-55

| Date | Purchaser | Error |
|------------|-----------|-------|
| 12/1/2010 | ... | ... |
| 12/2/2010 | ... | ... |
| 12/3/2010 | ... | ... |
| 12/4/2010 | ... | ... |
| 12/5/2010 | ... | ... |
| 12/6/2010 | ... | ... |
| 12/7/2010 | ... | ... |
| 12/8/2010 | ... | ... |
| 12/9/2010 | ... | ... |
| 12/10/2010 | ... | ... |
| 12/11/2010 | ... | ... |
| 12/12/2010 | ... | ... |
| 12/13/2010 | ... | ... |
| 12/14/2010 | ... | ... |
| 12/15/2010 | ... | ... |
| 12/16/2010 | ... | ... |
| 12/17/2010 | ... | ... |
| 12/18/2010 | ... | ... |
| 12/19/2010 | ... | ... |
| 12/20/2010 | ... | ... |
| 12/21/2010 | ... | ... |
| 12/22/2010 | ... | ... |
| 12/23/2010 | ... | ... |
| 12/24/2010 | ... | ... |
| 12/25/2010 | ... | ... |
| 12/26/2010 | ... | ... |
| 12/27/2010 | ... | ... |
| 12/28/2010 | ... | ... |
| 12/29/2010 | ... | ... |
| 12/30/2010 | ... | ... |
| 12/31/2010 | ... | ... |

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

Report of Violations

Instructions

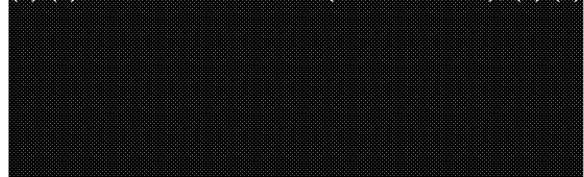
Please write firmly with a ball point pen when completing this form. ATF officers will prepare this form in triplicate. The original copy will be given to the proprietor or a responsible representative. The remaining copies will be submitted with the completed inspection report. Supervisors will detach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

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Inspection Results

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

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



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

Number: 6

Nature of Violation:

27 CFR 478.124(c)(5)

Failure to sign and/or date the ATF Form 4473 when the licensee does not know or have reasonable cause to believe that the transferee is disqualified by law from receiving the firearm

(b)(3) - Public Law 112-55

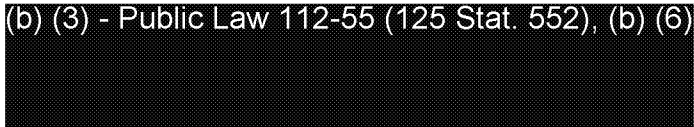
Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

| Date | Purchaser | Error |
|--|-----------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |



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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: 7

Nature of Violation:

18 U.S.C. 923(g)(5)(A)

Failure to report the multiple sales of rifles or submission untimely on

(b) (3) - Public Law

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

Date Purchaser Error

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

Citation: 18 U.S.C. 923(g)(5)(A)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Report of Violations

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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: 27 CFR 478.126a

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

Failure to report the multiple sales of handguns or submission untimely on (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6)

| Date | Purchaser | Error |
|--|-----------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |

Citation: 27 CFR 478.126a

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Inspection Results

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

Number: 9

Nature of Violation:

27 CFR 478.99(a)

Failure to decline sale/delivery of a handgun to a person the licensee has reasonable cause to believe does not reside in the state in which the licensee's place of business is located forms involving

Failure to have the transferee, who is active military, present applicable documentation, establishing permanent duty station change to Texas, with failure to note on ATF Forms 4473 the type of documentation provided, and failure to attach a copy of the documentation to the ATF Form 4473 on involving

| Date | Purchaser | Error |
|--|-----------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |

Transfer of a long gun to a out-of-state resident in violation of Indiana State Law involving

| Date | Purchaser | Code Violated |
|--|-----------|---------------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Report of Violations

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Inspection Results

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

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

Citation: 27 CFR 478.99(a)

Number: 10

Date Corrections to be Made:

(If not corrected immediately)

Nature of Violation:

Corrective Action to be Taken:

(If not corrected immediately)

Failure to refrain from selling or otherwise disposing of a firearm to a person, who at the time of the transfer appeared to be prohibited (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) involving (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6).

| | | |
|--|-----------|-------|
| Date | Purchaser | Error |
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |

Citation: 27 CFR 478.99(c)

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Inspection Results

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

Number: 13

Nature of Violation:

27 CFR 478.102(a)

Failure to contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a non-licensee, (b) (3) - Public Law 112-55

| Date | Name | Item # / A&D Location | Discrepancy |
|--|------|-----------------------|-------------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | | |

Citation: 27 CFR 478.102(a)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, Lois and Sloan Fountain will be performing all e-checks, and will proof the forms at that time. Lisa will check the forms again before filing. Preventive action discussed on November 14, 2014.

Number: 14

Nature of Violation:

27 CFR 478.53

Failure to report change in name of corporation within 30 days from the date licensee begins business under new new name.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Ms. Fountain stated, "We were told by ATF that if we changed something in our business structure, we could archive records which were associated with the old structure. When we did this, by changing our name, the licensing center informed us it was not a change in control and hence, we could not turn in records. I didn't realize I had to tell ATF as I was talking to them all along."

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Inspection Results

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

Number: 15

Nature of Violation:

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

Failure to verify the identity of the transferee and note on the ATF Form 4473, either a valid and/or correct identification document [REDACTED].

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, Lois Fountain will have monthly meetings to go over the proper way to fill out forms and to have everyone on the same page. Preventive action discussed on November 14, 2014.

| Date | Purchaser | Error |
|--|-----------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |
| [REDACTED] | | |

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

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

Number: 16

Nature of Violation:

27 CFR 478.124(c)(3)(iii)

Failure to have the transferee, who is a non-immigrant alien, who states that he or she falls within an exception to, or has a waiver from, the non-immigrant alien prohibition, present applicable documentation establishing the exception waiver, with failure to note on the ATF Form 4473 the type of documentation provided and failure to attach a copy of the documentation to the ATF Form 4473 on (b) (3) - Public Law

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, Lois Fountain will have monthly meetings to go over the correct way to fill out forms and to have everyone on the same page. If in doubt the salesman will ask management. Preventive action discussed on November 14, 2014.

| Date | Purchaser | Error |
|--|-----------|-------|
| (b) (3) - Public Law 112-55 (125 Stat. 552), (b) (6) | | |

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

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 Fountain Firearms Investments, Inc. | Street Address 9478 Highway 6 South | City Houston | State TX | Zip Code 77083- | County Fort Bend - 157 | Page 13 of 17 Pages |
| License/Permit/Registry Number <i>(If any)</i> 576157014G28557 | | Expiration Date 7/1/2014 | | Date(s) or Period of Inspection 10/08/2013 through 11/14/2014 | | |

Inspection Results

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

Number: 17

Nature of Violation:

27 CFR 478.128(c)

Failure to refrain from knowingly making false statements or representations with respect to any information required by the Gun Control Act to be kept in the records of a person licensed under the Act (b)(3) - Public Law 112-55 (125 Stat. 552), (b) (6)

Licensee knowingly made false acquisition entry representations in the A&D record, and were unable to determine from whom they purchased the firearms from (b)(3) - Public Law 112-55 (125 Stat. 552), (b) (6).

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, Oren Fountain will take pictures of identification with smart phone if they do business at guns shows from now on, so they will be able to make acquisition entries. Preventive action discussed on November 14, 2014.

Date Name A&D Location Error

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

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Inspection Results

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

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

See Appendix

Citation: 27 CFR 478.128(c)

Report of Violations

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Inspection Results

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

Number: 18

Nature of Violation:

27 CFR 478.124(a)

Failure to record the transaction on a firearms transaction record, ATF Form 4473, when transferring a firearm to a non-licensee (b)(3) - Public Law 112-55.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, with the guidance of Investigator (b)(6) the sales force was instructed to give all consignment guns to management for processing. Preventive action discussed on November 14, 2014.

| Date | Name | Item # / A&D Location | Error |
|------|------|-----------------------|-------|
|------|------|-----------------------|-------|

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

Citation: 27 CFR 478.124(a)

Report of Violations

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Inspection Results

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

Number: 19

Nature of Violation:

27 CFR 478.125(e)

Failure to enter into a record each receipt and every disposition of individual firearms, (b)(3) - Public instances.

Firearm shipped out for repair with no acquisition or disposition entries on two occasions, totaling (b)(3) - Public Law 112-55 (1).

Failure to timely or correctly record in the A&D records: the person or address from whom received, the name of the manufacturer/importer, the serial number or type of firearm acquired, (b)(3) - Public Law 112-55 (1).

Failure to record in the acquisition of a firearm prior to the inspection or firearm logged out when in inventory, (b)(3) - Public Law 112-55 (1).

Failure to timely or correctly record in the A&D record the correct person or address to whom disposed, (b)(3) - Public Law 112-55 (1).

Failure to record the disposition of a firearm, (b)(3) - Public Law 112-55 (1). Dispositions reconciled.

Firearms missing after ATF inventory and reconciliation, (b)(3) - Public Law 112-55 (1). Reported on F20130002058.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, the licensee will run monthly reports and correct the mistakes as they appear. Preventive action discussed on November 14, 2014.

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

Report of Violations

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Inspection Results

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

Citation: 27 CFR 478.125(e)

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

Date

Signature and Title of ATF Officer

Date

22

RIF

For Official Use Only

ATF E-Form 5030 5
Revised April 2005