

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) MAGFUSSION ENTERPRISES LLC MR SILENCER 11464 E REMBRANDT AVE Mesa,AZ 85212, Maricopa	2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 785110-2016-0178-B1B		
	3. PERMIT/LICENSE NUMBER 986013079D03905	4a. TARGET DATE 6/30/2016	4b. TARGET HOURS 40
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

6. A. (b) (6) SIGNED Lead Investigator
7. ASSIGNED BY (SIGNATURE, TITLE AND DATE) (b) (6) Acting Area Supervisor, 05/12/2016

8. PURPOSE/SPECIAL INSTRUCTIONS SWB – MFG/IMP PROGRAM. Conduct a full SWB DE compliance inspection in accordance with current FY IO Operating Plan. 12 months records review of ATF Forms 4473 and 100% inventory reconciliation is required. Ensure all license specific required documentation is completed and up to date.
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9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC		10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF VIOLATIONS	9	NO. OF REFERRALS	(b) (6)	2111 - PER DIEM	
NO. OF TECS CHECKS	20	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: 09/19/2016
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Viols and Revocation / Denial of Renewal App

12. TIME ACCOUNTING DATA	
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b) (6)
MAY 2016	46.0
JUN 2016	33.50
JUL 2016	24.00
AUG 2016	10.00
SEP 2016	3.00
OCT 2016	6.00
ATF OFFICER'S SUBTOTAL	122.50
ATF OFFICER'S SIGNATURE	
TOTAL HOURS	122.50

13. REVIEW AND ROUTING	
REVIEW COMMENTS AND RECOMMENDATION Viols and Revocation / Denial of Renewal App	

<input checked="" type="checkbox"/> REVIEWED	<input checked="" type="checkbox"/> CONCUR	<input type="checkbox"/> SEE COMMENTS	<input type="checkbox"/> FINAL DISPOSITION
SIGNATURE AND TITLE (b) (6) Area Supervisor		REVIEW DATE 08/22/2016	

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13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

The licensee was subject to a full scope compliance inspection May 18, 2016 through July 6, 2016. As a result of the inspection the licensee was cited for nine violations, one of which is a repeat violation. Of the nine violations, one merits Revocation. Specifically, the licensee was cited for 27 CFR 478.128(c) - The licensee knowing made false statements and/or representation with respect to the information required by the provisions of the Gun Control Act by recording false information into the A&D Record. The licensee recorded suppressors into the A&D Record as acquisitions without actually receiving them.

Of the other eight violations, three merit a Warning Conference, one merits a Warning Letter, and the other four merit a ROV only. There were no firearms reported missing. The licensee has never been previously cited for violating 27 CFR 478.128(c). The licensee has only been subject to one previous compliance inspection which resulted in a ROV only. Therefore, I am making an alternate recommendation of DIO Led Warning Conference in lieu of Revocation.

DIO Warning Conference was held with the licensee on October 20, 2016. Post DIO Warning Conference Letter was sent to the licensee on November 8, 2016.

Viols DIO (or Delegate) Held WC ILO Revocation

☒ REVIEWED

☐ CONCUR

☒ SEE COMMENTS

☒ FINAL DISPOSITION

SIGNATURE AND TITLE

MSMITCHEM - Director of Industry Operations

REVIEW DATE

09/27/2016

ROUTING SEQUENCE AND DATE

- ☐ 1. _____
- ☐ 2. _____
- ☐ 3. _____
- ☐ 4. _____

CONTROL FILE POSTED DATE _____

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

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 MAGFUSSION ENTERPRISES LLC MR SILENCER	Street Address 11464 E REMBRANDT AVE	City Mesa	State AZ	Zip Code 85212-	County Maricopa	Page 1 of 3 Pages
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License/Permit/Registry Number (If any) 986013079D03905	Expiration Date 4/1/2019	Date(s) or Period of Inspection 05/18/2016 through 07/08/2016
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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: 1

Nature of Violation:
Failure to correctly record the required acquisition information

2018 Public Law 112-56, 112 Stat. 552

 firearms into the A&D record.

Citation: 27 CFR 478.123(a)

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

Corrective Action to be Taken: Licensee will correctly record all firearm acquisitions in the A&D record.

Number: 2

Nature of Violation:
Failure to correctly record the disposition (date of transfer, name and FFL # of the licensee) of

2018 Public Law 112-56, 112 Stat. 552

 firearms into the A&D record.

Citation: 27 CFR 478.123(b)

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

Corrective Action to be Taken: Llicensee will correctly record the disposition (date of transfer, name and FFL # of the licensee) of all disposed firearms in the A&D record.

Number: 3

Nature of Violation:
Failure to correctly record the disposition (date of the sale, name, and address of the nonlicensee, or 4473 serial number

2018 Public Law 112-56, 112 Stat. 552

 firearms into the A&D record.

Citation: 27 CFR 478.123(d)

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

Corrective Action to be Taken: Licensee will correctly record the disposition (name and address of the nonlicensee) of all disposed firearms in the A&D record.

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Revised April 2005

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

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License/Permit/Registry Number <i>(If any)</i> 986013079D03905		Expiration Date 4/1/2019	Date(s) or Period of Inspection 05/18/2016 through 07/08/2016			

Inspection Results

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

Number: 4

Nature of Violation:
The licensee (licensed manufacturer) knowingly made a false A&D entry/statement o
occasions.

Citation: 27 CFR 478.128(c)

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

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

Licensee will not record the acquisition of a firearm into the
A&D record until the firearm is in physical possession.

Number: 5

Nature of Violation:
Failure of the licensee to obtain required information in a complete and/or accurate manner on
ATF Form 4473 prior to transferring the firearm to the licensee.

Citation: 27 CFR 478.124(c)(1)

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

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

Licensee will obtain required information on the ATF Form
4473 in a accurate manner prior to transferring the firearm.

Number: 6

Nature of Violation:
Failure of the licensee to properly s
TF Form 4473 prior to transferring the firearm.

Citation: 27 CFR 478.124(c)(5)

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

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

Licensee will sign all ATF Forms 4473 according to the
current regulations/rulings.

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License/Permit/Registry Number <i>(If any)</i> 986013079D03905		Expiration Date 4/1/2019		Date(s) or Period of Inspection 05/18/2016 through 07/08/2016		

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 execute an ATF Form 4473 prior to the transfer of a firearm to an unlicensed individual o (b)(3)-Public Law 112-55 (125 Stat. 552)

Citation: 27 CFR 478.124(a)

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

Corrective Action to be Taken: Licensee will execute an ATF Form 4473 on all transactions to non licensees.

Number: 8

Nature of Violation:
Failure of the licensee to contact the NICS system o (b)(3)-Public Law 112-55 (125 Stat. 552)

Citation: 27 CFR 478.102(a)

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

Corrective Action to be Taken: Licensee will contact NICS on all firearm transfers where a AZ CCW is not presented by the transferee, or the firearm is an NFA firearm transferred to an individual.

Number: 9

Nature of Violation:
(b)(3)-(28 USC 6103)

Citation: 27 CFR 479.102(a)(2)

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

Corrective Action to be Taken: Licensee must mark all firearms with FFL name if any manufacturing process is conducted on the firearm. This includes marking for other FFLs. The licensee can obtain a variance to conduct business contrary to statute.

I Have Received a Copy of This Report of Violations <i>(Proprietor's signature and title)</i>	Date
Signature and Title of ATF Officer	Date

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(b) (6) Lead Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)
(b) (6) Acting Area Supervisor, 05/12/2016

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9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC		10. TRAVEL EXPENSES (OPTIONAL)	
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Submitted by (b) (6) Industry Operations Investigator
Submitted on: 09/19/2016

Viols and Revocation / Denial of Renewal App

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TOTAL HOURS	122.50	

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REVIEW COMMENTS AND RECOMMENDATION
Viols and Revocation / Denial of Renewal App

<input checked="" type="checkbox"/> REVIEWED	<input checked="" type="checkbox"/> CONCUR	<input type="checkbox"/> SEE COMMENTS	<input type="checkbox"/> FINAL DISPOSITION
SIGNATURE AND TITLE (b) (6) Area Supervisor		REVIEW DATE 08/22/2016	

Assignment and Report

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Viols DIO (or Delegate) Held WC ILO Revocation

☒ REVIEWED

☐ CONCUR

☒ SEE COMMENTS

☒ FINAL DISPOSITION

SIGNATURE AND TITLE

MSMITCHEM - Director of Industry Operations

REVIEW DATE

09/27/2016

ROUTING SEQUENCE AND DATE

- ☐ 1. _____
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License/Permit/Registry Number <i>(If any)</i> 986013079D03905		Expiration Date 4/1/2019		Date(s) or Period of Inspection 05/18/2016 through 07/08/2016		

Inspection Results

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

Number: 1	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: Failure to correctly record the required acquisition information <small>(1934 Public Law 112-55 (112 Stat. 552))</small> arms into the A&D record.	Corrective Action to be Taken: Licensee will correctly record all firearm acquisitions in the A&D record. <i>(If not corrected immediately)</i>
Citation: 27 CFR 478.123(a)	
Number: 2	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: Failure to correctly record the disposition (date of transfer, name and FFL # of the licensee) of <small>(1934 Public Law 112-55 (112 Stat. 552))</small> arms into the A&D record.	Corrective Action to be Taken: Llicensee will correctly record the disposition (date of transfer, name and FFL # of the licensee) of all disposed firearms in the A&D record. <i>(If not corrected immediately)</i>
Citation: 27 CFR 478.123(b)	
Number: 3	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: Failure to correctly record the disposition (date of the sale, name, and address of the nonlicensee, or 4473 serial number <small>(1934 Public Law 112-55 (112 Stat. 552))</small> arms into the A&D record.	Corrective Action to be Taken: Licensee will correctly record the disposition (name and address of the nonlicensee) of all disposed firearms in the A&D record. <i>(If not corrected immediately)</i>
Citation: 27 CFR 478.123(d)	

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Name of Proprietor	Street Address	City	State	Zip Code	County	Page 2 of 3 Pages
MAGFUSSION ENTERPRISES LLC MR SILENCER	11464 E REMBRANDT AVE	Mesa	AZ	85212-	Maricopa	

License/Permit/Registry Number (If any)	Expiration Date	Date(s) or Period of Inspection
986013079D03905	4/1/2019	05/18/2016 through 07/08/2016

Inspection Results

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

Number: 4

Nature of Violation:

The licensee (licensed manufacturer) knowingly made a false A&D entry/statement on occasions.

Citation: 27 CFR 478.128(c)

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Licensee will not record the acquisition of a firearm into the A&D record until the firearm is in physical possession.

Number: 5

Nature of Violation:

Failure of the licensee to obtain required information in a complete and/or accurate manner on ATF Form 4473 prior to transferring the firearm to the licensee.

Citation: 27 CFR 478.124(c)(1)

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Licensee will obtain required information on the ATF Form 4473 in a accurate manner prior to transferring the firearm.

Number: 6

Nature of Violation:

Failure of the licensee to properly sign ATF Form 4473 prior to transferring the firearm.

Citation: 27 CFR 478.124(c)(5)

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Licensee will sign all ATF Forms 4473 according to the current regulations/rulings.

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License/Permit/Registry Number (If any) 986013079D03905		Expiration Date 4/1/2019		Date(s) or Period of Inspection 05/18/2016 through 07/08/2016		

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 execute an ATF Form 4473 prior to the transfer of a firearm to an unlicensed individual instances.

Citation: 27 CFR 478.124(a)

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

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

Licensee will execute an ATF Form 4473 on all transactions to non licensees.

Number: 8

Nature of Violation:
Failure of the licensee to contact the NICS system on instances prior to the transfer of a firearm to a nonlicensee.

Citation: 27 CFR 478.102(a)

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

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

Licensee will contact NICS on all firearm transfers where a AZ CCW is not presented by the transferee, or the firearm is an NFA firearm transferred to an individual.

Number: 9

Nature of Violation:
[REDACTED]

Citation: 27 CFR 479.102(a)(2)

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

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

Licensee must mark all firearms with FFL name if any manufacturing process is conducted on the firearm. This includes marking for other FFLs. The licensee can obtain a variance to conduct business contrary to statute.

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

Date

Signature and Title of ATF Officer

Date

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Revised April 2005

FIREARMS INSPECTION REPORT

Name: Magfussion Enterprises LLC
Trade Name: Mr. Silencer

UI#: 785110-2016-0178-B1B
FFL#: 9-86-013-07-9D-03905

Address: 11464 E Rembrandt Avenue
Mesa, Arizona 85212 Maricopa County

1 - Introduction

Inspection Profile:

On May 18, 2016, Industry Operations Investigator (IOI) (b)(6) initiated a Federal Firearms License (FFL), Manufacturer/Importer program firearms compliance inspection of Magfussion Enterprises LLC, Dba Mr. Silencer. Mr. Silencer is located 11464 E. Rembrandt Avenue Mesa, Arizona. The compliance inspection was conducted to ensure the licensee complies with all ATF regulations. The inspection period covered May 18, 2015 to May 18, 2016. Present for the inspection was Member/Responsible Person (RP) Bruce Stevens. Mr. Stevens was identified by his Arizona Driver's License.

Bruce Lowell Stevens (b)(6)

The inspection began on May 18, 2016 and ended on July 6, 2016.

Advanced notification was not provided to the FFL.

Business Profile:

Mr. Silencer is licensed as Type 07 Federal Firearms Licensee (FFL), Manufacturer of Firearms Other Than Destructive Devices. The licensee sells Gun Control Act (GCA) firearms and manufactures/sells National Firearms Act (NFA) firearms. The licensees' manufacturing activities focus on (b)(4)

Mr. Silencer has a National Firearms Act Firearms (NFA) Special Occupational Tax (SOT) license, (b)(3) - 26 USC 6103

The licensee is located in a residentially zoned area in the City of Mesa, Arizona. The licensee does not conduct business at guns shows and does not utilize any off-site storage. The licensee does not sell black powder and does not take firearms on consignment. The licensee operates an internet website, www.mrsilencer.com where they advertise NFA firearm (b)(4), (b)(3) - 26 USC 6103

. The licensee has held the Type 07 Federal Firearms Licensee (FFL) at this location since March 09, 2010.

FIREARMS INSPECTION REPORT

Name: Magfussion Enterprises LLC
Trade Name: Mr. Silencer

UI#: 785110-2016-0178-B1B
FFL#: 9-86-013-07-9D-03905

Mr. Stevens also operates an auto glass replacement business (Mr. Auto glass) from the same premises. The Type 07 FFL (9-86-03905) is the only ATF license held by this licensee and is appropriate for the activities conducted by Mr. Silencer. A query of FLS identified no additional FFLs for the licensee. The licensee has all of the required licenses to operate their business in the City of Mesa, Arizona. The licensee provided the following for review:

Arizona Department of Revenue Privilege Tax License (TPT): (b)(3) - 26 USC 6103
City of Mesa, TPT: (b)(3) - 26 USC 6103

At the time of inspection, the licensee had 487 firearms in inventory. The licensee acquired (b)(4) firearms and disposed of (b)(4) firearms during the inspection period.

Ownership and Control:

Magfussion Enterprises LLC, Dba Mr. Silencer is a Limited Liability Company (LLC) registered with the Arizona Corporation Commission (ACC) and is in good standing. Bruce Stevens is the only member of Magfussion Enterprises LLC. **(Exhibit 2)** All responsible persons are listed correctly in the Firearm Licensing System (FLS) and no responsible persons were added or removed from the license. Hidden ownership not suspected.

Variance:

The licensee holds no variances and no variances requested during this inspection. (b)(3) - 26 USC 6103, (b)(5), (b)(6)

2 – Recommendation

Violations and Revocation/Denial of Renewal App.

The licensee knowingly made false entries into their A&D record on at least (b)(3) - 112 occasions by logging firearms that had not been received at the time of this inspection or that were never received, in an attempt to circumvent the ATF NFA

FIREARMS INSPECTION REPORT

Name: Magfussion Enterprises LLC
Trade Name: Mr. Silencer

UI#: 785110-2016-0178-B1B
FFL#: 9-86-013-07-9D-03905

approval process. Additionally, the licensee failed to complete at least (b)(3)-11 ATF Forms 4473 and five NICS checks prior to transferring a firearm to a non-licensee. The licensee also failed to mark a firearm by engraving, casting, stamping (impressing), or otherwise conspicuously placing certain additional information in which they performed a manufacturing process on or obtain a marking variance to perform such a manufacturing process for another licensee.

3 – Inspection History

Date and Type of Inspection: July 15, 2013 - Federal Firearms Compliance Inspection.
UI#: 785110-2013-0249-B1B
Inspection Results: Violations ROV Only No Recall Inspection.
Acknowledgement signed on September 27, 2013.

Cited Violations: 27 CFR 478.123(d): The licensee failed to record the purchaser's name and address or license number of the firearms purchaser in the dispositions on (b)(3)-112 Public occasion. This firearm was determined to be missing.

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

A 100% inventory was conducted and 487 firearms were located at the business address. The licensee's A&D record revealed (b)(3)-112 open entries. A total comparison of the licensee's inventory to the A&D Record revealed (b)(3)-112 discrepancies. The licensee failed to record the acquisition of (b)(3)-112 firearms and failed to record the disposition of (b)(3)-112 firearms. Five of the failed dispositions were duplicate entries. The FFL provided documentation, (ATF Forms 4473 or commercial receipts to FFLs) showing the transfer of (b)(3)-112 firearms. No firearms were reported lost or stolen. The licensee was cited for the following violations:

27 CFR 478.123(a): Failure to correctly record the required acquisition information of (b)(3)-112 firearms into the A&D record. In (b)(3)-112 instances, the licensee failed to log into the A&D record two (b)(3)-112 P firearms. In (b)(3)-112 P instances, the licensee had firearms logged out of the A&D record that were located in inventory. **Violation 1, Worksheet 1, Exhibit 3**

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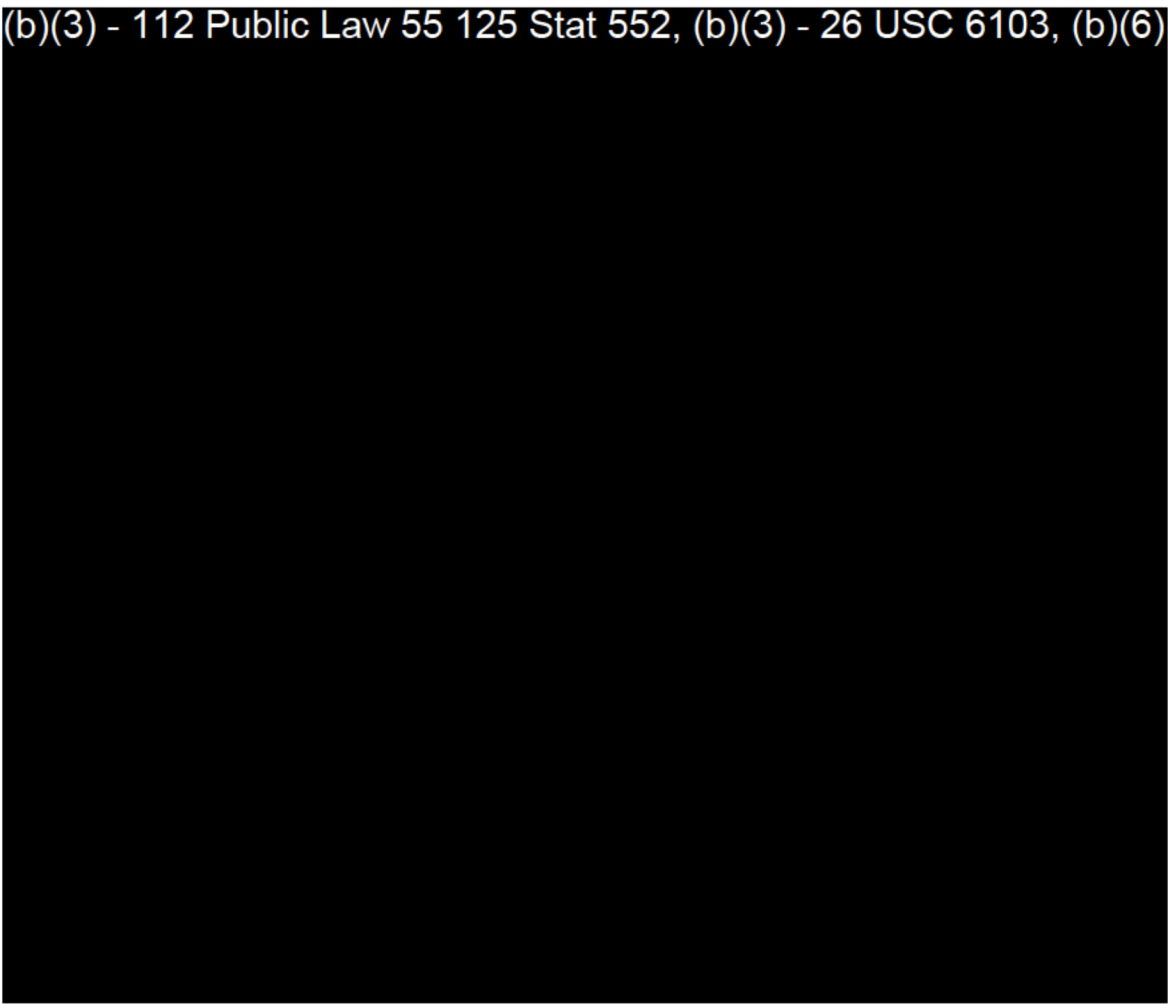
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27 CFR 478.123(b): Failure to correctly record the disposition of (b)(3) - 112 firearms into the A&D record. On (b)(3) - 112 occasions, the licensee failed to record the disposition of firearms to other FFLs in their A&D record. **Violation 2, Worksheet 1, Exhibit 3**

27 CFR 478.123(d): Failure to correctly record the disposition of (b)(3) firearms into the A&D record. In (b)(3) instances, the licensee failed to log firearms out of the A&D record, and in (b)(3) - 112 instances, the licensee had duplicate acquisition entries. **Violation 3, Worksheet 1, Exhibit 4**

The licensee knowingly logged firearms into his A&D record that had not yet been received or that were never received.

(b)(3) - 112 Public Law 55 125 Stat 552, (b)(3) - 26 USC 6103, (b)(6)



IOI (b)(6) questioned the licensee thoroughly about the above issues. The licensee explained that he regularly takes the serial numbers from the invoices he receives from his distributors and logs the firearms into his A&D record based on these invoices but

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does not verify the actual firearms received to the invoice. In (b)(3) - 11 instances, the licensee had logged in (b)(3) - 112 Public Law 55 125 Stat 552 that were actually transferred by the manufacturer to other FFLs. IOI (b)(6) specifically asked how (b)(3) - 112 Public Law 55 125 Stat 552 (b)(3) - 112 Public Law 55 125 Stat 552, (b)(3) - 26 USC 6103. The licensee could not answer IOI (b)(6) question. IOI (b)(6) did not ask the licensee any further questions regarding the invoices or how he received information to log in the suppressors.

IOI (b)(6) posed an alternate theory to the licensee on how two suppressors ended up being entered into his A&D record without ever acquiring the suppressors. IOI (b)(6) asked the licensee the following questions:

- Did you contact the manufacturer /distributor and obtained the make, model, and serial number of the suppressors and the probable delivery date?
- Did you enter the firearms into the A&D record so you could sell the suppressors to a non-licensee and begin the process of completing and submitting an ATF Form 4 to the ATF NFA Branch in an attempt to “shorten the wait times” of the ATF Form 4 approvals.?

The licensee never directly answered the questions IOI (b)(6) asked him. The licensee did state at some point during the questioning that he was told by an IOI that he could do this. IOI (b)(6) asked when this was told to him and by whom. The licensee advised that it was during the last inspection in 2013. IOI (b)(6) informed the licensee that if an ATF IOI gave him a direction it was incorrect and that he should immediately cease the practice of recording firearms into his A&D record before they are in his possession.

IOI (b)(6) reviewed that prior compliance inspection and area office file. (758110-2013-0249-B1B) IOI (b)(6) identified a (b)(3) - 26 USC 6103, (b)(6)

The licensee was instructed to follow all email submittals by mailing the original forms. (Exhibit 10)

IOI (b)(6) could not find any indication in the prior inspection narrative or NFA Branch referral where he was directed to enter firearms into his A&D record prior to having them in his possession.

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27 CFR 478.128(c): The licensee knowingly made a false A&D entry/statement on (b)(3)-(112) occasions. **Violation 4, Worksheet 1, Exhibits 5 and 10**

The licensee's A&D records were in the proper format. The licensee reported zero theft/loss for the inspection period. The licensee utilizes an electronic A&D record that is in the proper format and meets all established criteria. Internal controls were addressed with Mr. Stevens. Mr. Stevens advised that he enters all firearms into the A&D record and takes the information from the commercial shipping receipt that he receives. Mr. Stevens does not verify that the firearms actually received match the commercial shipping receipt. This was addressed with Mr. Stevens and he was advised that he needs to verify all firearms noted on the shipping receipt were actually received and then he need to take the serial number from the firearm and record that serial number into the A&D record. If the firearm serial number does not match the shipping receipt, he would need to contact the wholesaler and have the mistake corrected. The licensee does not have additional employees. Mr. Stevens advised that he is responsible for conducting transfers and maintaining the required records to include all NFA forms.

IOI (b)(6) traced (b)(3) ATF Forms 4473, through the A&D record. No discrepancies were found.

5 - ATF Forms 4473 – NICS & Other Dispositions

(b)(3)-(112) ATF Forms 4473 were on file for the inspection period. All ATF Forms 4473 were reviewed. Review of the ATF Forms 4473 revealed the following violations:

27 CFR 478.124(c)(1): Failure of the licensee to obtain required information in a complete and/or accurate manner on (b)(3) ATF Forms 4473 prior to transferring the firearm to the non-licensee.

Violation 5, Worksheet 2, Exhibit 6

27 CFR 478.124(c)(5): Failure of the licensee to properly sign (b)(3)-(112) ATF Forms 4473 prior to transferring the firearm. **Violation 6, Worksheet 2, Exhibit 7**

In (b)(3)-(112) instances, the licensee failed to conduct a NICS check prior to the transfer of a firearm to an unlicensed individual. In each instance, (b)(3)-(112) Public Law 55 125 Stat 552, (b)(3)-(26 USC 5103, (b)(6)

(b)(3)-(112) When asked where the forms were, the licensee admitted that he failed to have the individuals picking up the firearms complete an ATF Form 4473. All

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individuals listed on each trust concerning the above transfers were queried via NCIC with no prohibiting information being found. The licensee was cited for the following:

27 CFR 478.124(a): Failure to execute an ATF Form 4473 prior to the transfer of a firearm to an unlicensed individual on [REDACTED] instances. **Violation 7, Worksheet 2, Exhibit 8**

27 CFR 478.102(a): Failure of the licensee to contact the NICS system in [REDACTED] instances prior to the transfer of a firearm to a nonlicensee. **Violation 8, Worksheet 2, Exhibit 8**

The licensee completed zero letterhead sales to a law enforcement agency or officer during the past year. The licensee is aware that he must keep ATF Forms 4473 NICS/Denials in a separate file. The denials on file were reviewed for intelligence information. Nothing notable was found. FFL audit verification was conducted on 30 NICS numbers and no discrepancies were found. Mr. Stevens uses an electronic A&D software, FFL Tools that allows the licensee to complete ATF Form 4473 via a kiosk. The licensee advised that he is the only individual operating the business and he checks and double checks all forms.

6 – Multiple Sales

A review of the Violent Crime Analysis Branch Trace History revealed the licensee reported [REDACTED] multiple sales of handguns for the inspection period involving [REDACTED] firearms. The licensee did not have any unreported multiple sales of handguns for the inspection period. The licensee is a Type 07 Manufacturer of Firearms and is not required to report multiple sales of certain rifles.

7 – Suspicious/Prohibited Purchasers

No suspicious/prohibited persons, straw purchasers, or firearm traffickers were identified as a result of the inspection. NCIC checks were conducted on RP Bruce Stevens and [REDACTED] (b)(3) - 26 USC 6103

[REDACTED] The NCIC checks did not result in any positive responses.

8 – Trace Activity

FFL Trace History revealed two successful trace requests for the reporting period. FFL Trace History revealed zero unsuccessful traces for the reporting period to the licensee. The licensee acquired zero used firearms during the inspection period. A secondary market analysis was not conducted.

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9 - NFA/Importer/Collector/Manufacturer

The licensee has a (b)(3) - 26 USC 6103

The licensee acquired (b)(4) NFA firearms and disposed of (b)(4) NFA firearms during the inspection period. A National Firearm Registration and Transfer Record (NFRTR) was acquired (b)(3) - 26 USC 6103

No further NFA inventory discrepancies were found that warranted a NFA worknote for correction.

The licensee maintains a Type 07- Manufacturer of Firearms Other Than Destructive Devices. The licensee properly submitted the Annual Firearms Manufacturing Export Report (AFMER) for FY13, FY14, and FY15. According to the FY15 AFMER, the licensee manufactured (b)(3) - 26 USC 6103.

(b)(3) - 26 USC 6103, (b)(6), (b)(7)(C)

The firearm was not marked with the business name, city, and state of Mr. Silencer. Mr. Stevens admitted that Mr. Silencer did mark the firearm for Area 15 LLC. Mr. Stevens stated that he was not aware that the firearm was an illegal machine gun and that he was required to mark the firearm with his business name, city, and state or obtain a marking variance from ATF to mark a firearm with another licensee's information. The licensee was cited for violating:

27 CFR 479.102(a)(2): Failure to (b)(3) - 26 USC 6103 firearm by engraving, casting, stamping (impressing), or otherwise conspicuously placing certain additional information. **Violation 9, Exhibit 9**

IOI (b)(6) reviewed firearms in inventory that the licensee had manufactured but not put into commerce. The firearms were marked according to the regulation. No issues were found.

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The licensee is not licensed as an Importer or Collector.

10 - Referrals

Referral # 2016-0030- IOI (b)(6) submitted one referral (b)(3) - 26 USC 6103 to the Houston Field Division, Director of Industry Operations. See referral #1 for further information.

11 - Other

The licensee has a Youth Handgun Safety Act poster displayed. Responsible Person Bruce Stevens was queried in NForce, Open Fox, and Accurant. No prohibiting activities were identified for the RP under the license. IOI (b)(6) explained the NFA Trust requirements to the licensee during the closing conference and referred him to ATF Final Ruling 41F. Mr. Stevens advised that he was already aware of the 41F ruling, which goes into effect on July 13, 2016.

12 - Closing Actions

On July 6, 2016, IOI (b)(6) held a closing conference with the licensee. Present for the closing conference was RP Bruce Stevens. IOI (b)(6) reviewed the ATF F 5030.5 Report of Violations (ROV) with Bruce Stevens. IOI (b)(6) explained each violation and the required corrective action. Mr. Stevens and IOI (b)(6) signed the ROV. Mr. Stevens was provided a copy of the ROV. A review of the regulatory requirements to include secure gun storage, security measures, and safety devices were completed with the licensee. The licensee was provided a copy of IRS Publication 1544 and IRS F 8300. The licensee was advised to report large cash purchases over \$10,000 made by a customer to the IRS. The Acknowledgement the Federal Firearms Regulations was reviewed with and signed by Mr. Stevens. (Exhibit 1) Mr. Stevens was provided a copy of the Acknowledgement of Federal Firearms Regulations.

13 - Violations

1. 27 CFR 478.123(a):

Nature of violation: Failure to correctly record the required acquisition information of (b)(3) firearms into the A&D record. In (b)(3) - 11 instances, the licensee failed to log into the A&D record (b)(3) - 112 Public Law 55 firearms. In (b)(3) - 112 P instances, the licensee had firearms logged out of the A&D record, which were located in inventory.

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Licensee's response: The licensee stated that he was rushed and failed to properly check the firearms he received or disposed of to make sure that he is logging out the right one.

Corrective action: The licensee will correctly record all firearm acquisitions in the A&D record.

Worksheet and Exhibits: Worksheet 1, Exhibit 3

2. *27 CFR 478.123(b):*

Nature of violation: Failure to correctly record the disposition (date of transfer, name and FFL # of the licensee) of (b)(3) - 112 firearms into the A&D record. On (b)(3) - 112 occasions, the licensee had failed to log firearms out to other FFLs.

Licensee's response: The licensee stated that he was rushed and failed to properly check the firearms he received or disposed of to make sure that he is logging out the right one.

Corrective action: The licensee will correctly record the disposition (date of transfer, name and FFL # of the licensee) of all disposed firearms into the A&D record.

Worksheet and Exhibits: Worksheet 1, Exhibit 3

3. *27 CFR 478.123(d):*

REPEAT OF VIOLATION CITED ON SEPTEMBER 27, 2013

Nature of violation: Failure to correctly record the disposition (date of the sale, name, and address of the nonlicensee, or 4473 serial number) of (b)(3) firearms into the A&D record. In (b)(3) instances, the licensee failed to log firearms out of the A&D record, and in (b)(3) - 112 instances, the licensee had duplicate acquisition entries.

Licensee's response: The licensee stated that he was rushed and failed to properly check the firearms he received or disposed of to make sure that he is logging out the right one.

Corrective action: The licensee will correctly record the disposition (name and address of the nonlicensee) of all disposed firearms into the A&D record.

Worksheet and Exhibits: Worksheet 1, Exhibit 4

4. *27 CFR 478.128(c):*

Nature of violation: The licensee (licensed manufacturer) knowingly made a false A&D entry/statement on (b)(3) - 112 occasions:

(b)(3) - 112 Public Law 55 125 Stat 552, (b)(3) - 26 USC 6103, (b)(6)



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(b)(3) - 112 Public Law 55 125 Stat 552, (b)(3) - 26 USC 6103, (b)(6)



Licensee's response: The licensee stated that he took the serial numbers from an invoice and did not verify the actual firearm. The licensee could not explain the instances where he had never received firearm.

Corrective action: The licensee will not record the acquisition of a firearm into the A&D record until the firearm is in the physical possession of the licensee.

Worksheet and Exhibits: Exhibits 5 and 10

5. 27 CFR 478.124(c)(1):

Nature of violation: Failure of the licensee to obtain required information in a complete and/or accurate manner on (b)(3) ATF Forms 4473 prior to transferring the firearm to the non-licensee. On (b)(3) ATF Forms 4473, the licensee failed to obtain and record all required transferee information, to include obtaining electronic signatures as a means for the transferee to certify the ATF Form 4473 in block 16, (b)(3) forms) and not indicating the correct place of birth in block 3 (b)(3) forms). These electronic signatures were used prior to ATF Ruling 2016-2.

Licensee's response: The licensee stated that he saw the information somewhere and thought he could go ahead and begin the process because his software allowed for this activity.

Corrective action: The licensee will obtain all required information on the ATF Form 4473 in a complete and accurate manner prior to transferring the firearm.

Worksheet and Exhibits: Worksheet 2, Exhibit 6

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

Nature of violation: Failure of the licensee to properly sign (b)(3) - 112 ATF Form 4473 prior to transferring the firearm. The licensee began electronically signing ATF Forms 4473 in September 2015. This practice was not authorized according to the regulation and a variance was need to electronically sign forms. These electronic signatures were used prior to ATF Ruling 2016-2.

Licensee's response: The licensee stated that he saw the information somewhere and thought he could go ahead and begin the process because his software allowed for this activity.

Corrective action: The licensee will sign all ATF Forms 4473 according to the current regulations/rulings.

Worksheet and Exhibits: Worksheet 2, Exhibit 7

7. **27 CFR 478.124(a):**

Nature of violation: Failure to execute an ATF Form 4473 prior to the transfer of a firearm to an unlicensed individual on (b)(3) - 112 instances. On five (b)(3) - 112 Public Law 5 the licensee failed to add/and or complete a separate ATF Form 4473 prior to the transfer of the NFA firearm.

Licensee's response: The licensee stated that he did not know how to fully operate his FFL software and a NFA and GCA firearm purchased together would require him to complete two 4473s. If he did not do that, he would usually add one firearm by handwriting it in, however he failed to do so.

Corrective action: The licensee will execute and complete an ATF Form 4473 on all transactions to non-licensees.

Worksheet and Exhibits: Worksheet 2, Exhibit 8

8. **27 CFR 478.102(a):**

Nature of violation: Failure of the licensee to contact the NICS system on (b)(3) - 112 instances prior to the transfer of a firearm to a nonlicensee. In (b)(3) - 112 instances, the licensee failed to conduct a NICS check prior to the transfer of a firearm to an unlicensed individual. In (b)(3) - 112 instance, the firearm transferred (b)(3) - 112 Public Law 55 125 Stat 552. The licensee failed to complete an ATF Form 4473 in each instance.

Licensee's response: The licensee stated that he did not know how to fully operate his FFL software and a NFA and GCA firearm purchased together would require him to complete two 4473s. If he did not do that, he would usually add one firearm by handwriting it in, however he failed to do so.

Corrective action: The licensee will contact NICS on all firearm transfers where a Arizona concealed weapon permit is not presented by the transferee, or the firearm is an NFA firearm

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transferred to an individual.

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9. **27 CFR 479.102(a)(2):**

Nature of violation: Failure to mark (b)(3) - (1) NFA firearm by engraving, casting, stamping (impressing), or otherwise conspicuously placing certain additional information.

Licensee's response: The licensee stated that he was not aware that the firearm was an illegal machine gun and that he was required to mark the firearm with his business name, city and state; or obtain a variance from ATF to do something other than what is required by the regulation.

Corrective action: The licensee must mark all firearms with their FFL name if any manufacturing process is conducted on the firearm. This includes marking for other FFLs. The licensee can obtain a variance to conduct business contrary to statute.

Worksheet and Exhibits: Worksheet 2, Exhibit 9

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Industry Operations Investigator

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Worksheet 2 4474 review

Exhibits:

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Exhibit 2 Arizona Corporation Commission

Exhibit 3 A&D entries, ATF Forms 4473 27 CFR 478.123 violations

Exhibit 4 ATF Forms 4473, 27 CFR 478.123(d) violations

Exhibit 5 False Entries, NFA printouts

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Exhibit 6 ATF Forms 4473, 27 CFR 478.124(c)(1) violations
Exhibit 7 ATF Forms 4473, 27 CFR 478.124(c)(5) violations
Exhibit 8 A&D entries, ATF Form 4 and NFA printouts
Exhibit 9 Photos of illegal machine gun
Exhibit 10 NFA Branch Referral 2013-0035