

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) LINDLEY INDUSTRIES LLC TXMGO/WAINGRO DISPOSAL SERVICES 22820 I-45 NORTH UNIT 6K SPRING, TX 77373, HARRIS - 201	2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) <p style="text-align: center;">782050-2017-0171-B1B</p> 3. PERMIT/LICENSE NUMBER 4a. TARGET DATE 4b. TARGET HOURS <p style="text-align: center;">576201109C05287 3/15/2017</p> 5. REQUESTED BY (SIGNATURE, TITLE AND DATE)
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6. ATF OFFICER(S) ASSIGNED
 (b)(6) - Assigned Investigator
 (b)(6) - Lead Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)
 (b)(6), Area Supervisor, 01/31/2017

8. PURPOSE/SPECIAL INSTRUCTIONS

9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC	10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF VIOLATIONS	9	NO. OF REFERRALS	1	2111 - PER DIEM
NO. OF TECS CHECKS	5	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: 06/26/2017
 The Federal Firearms Licensing Center should note the following corrections:

- Deactivate (b)(6) as a responsible person.
- Deactivate (b)(6) as a responsible person.
- The mailing address should be reported as 22820 I-45 North Unit 6K, Spring, Texas 77373.
- The correct spelling of Mr. Washmon's first name should be reported as Michael. • Mr. Washmon's birthdate should be reported as (b)(6).

Viols WL ONLY and No Recall Inspection

12. TIME ACCOUNTING DATA			
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)		
FEB 2017		21.00	
ATF OFFICER'S SUBTOTAL		21.00	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)		
FEB 2017		62.50	
MAR 2017		28.45	
JUN 2017		4.00	
ATF OFFICER'S SUBTOTAL		94.95	ATF OFFICER'S SIGNATURE
TOTAL HOURS		115.95	

Assignment and Report

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13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

A/S concurs with IOI's recommendation of Violation WL Only and No Recall. The inspection disclosed violations warranting a warning letter.

FFLC should note the following updates needed to FLS database records:

- Deactivate (b)(6) as a responsible person.
- Deactivate (b)(6) as a responsible person.
The mailing address should be reported as 22820 I-45 North Unit 6K, Spring, Texas 77373.
- The correct spelling of Mr. Washmon's first name should be reported as Michael. Mr. Washmon's birthdate should be reported as (b)(6).

It should also be noted, the licensee has filed an amended application to relocate the business premises to 635 9th Street, San Leon, Texas 77359 (Galveston County).

One referral was generated as a result of the inspection.

Viols WL ONLY and No Recall Inspection

REVIEWED
 CONCUR
 SEE COMMENTS
 FINAL DISPOSITION

SIGNATURE AND TITLE (b)(6) - Area Supervisor	REVIEW DATE 06/27/2017
---	---------------------------

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 LINDLEY INDUSTRIES LLC TXMGOWAINGRO DISPOSAL SERVICES	Street Address 22820 I-45 NORTH UNIT 6K	City SPRING	State TX	Zip Code 77373-	County HARRIS - 201	Page 1 of 7 Pages
License/Permit/Registry Number <i>(If any)</i> 576201109C05287		Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017			

Inspection Results

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

Number: 1

Nature of Violation:

Failure to contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a nonlicensee on one instance.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, the licensee will contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a nonlicensee.

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

Citation: 27 CFR 478.102(a)

Number: 2

Nature of Violation:

Failure to enter into a record each correct receipt of individual firearms in [REDACTED] instances.

See Addendum 1

Citation: 27 CFR 478.123(a)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will correct the discrepancies in the A&D books.

Report of Violations

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License/Permit/Registry Number <i>(If any)</i> 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

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 enter into a record complete dispositions of individual firearms to another licensee in ^{(b)(3) (1)(2)} instances.

See Addendum 1

Citation: 27 CFR 478.123(b)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken: The licensee will correct the discrepancies in the A&D books.
(If not corrected immediately)

Number: 4

Nature of Violation:

Failure to enter into a record each disposition of individual firearms in ^{(b)(3) (1)} instance.

See Addendum 1

Citation: 27 CFR 478.123(d)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken: The licensee will report the missing firearm to ATF and local law enforcement.
(If not corrected immediately)

Report of Violations

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License/Permit/Registry Number <i>(If any)</i> 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

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 obtain a properly completed ATF Form 4473, Section A, prior to making an over-the-counter transfer of a firearm to a non-licensee, who is a resident of the State in which the licensee's premises is located on  forms.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)



Citation: 27 CFR 478.124(c)(1)

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 LINDLEY INDUSTRIES LLC TXMGOWAINGRO DISPOSAL SERVICES	Street Address 22820 I-45 NORTH UNIT 6K	City SPRING	State TX	Zip Code 77373-	County HARRIS - 201	Page 4 of 7 Pages
License/Permit/Registry Number <i>(If any)</i> 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

Inspection Results

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

Number: 6

Nature of Violation:

Failure to verify the identity of the transferee and note on the ATF Form 4473 the type of identification used on  forms.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken: In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

(If not corrected immediately)

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)



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

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 LINDLEY INDUSTRIES LLC TXMGOWAINGRO DISPOSAL SERVICES	Street Address 22820 I-45 NORTH UNIT 6K	City SPRING	State TX	Zip Code 77373-	County HARRIS - 201	Page 5 of 7 Pages
License/Permit/Registry Number <i>(If any)</i> 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

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 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 on  forms.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)



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

Report of Violations

Instructions

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Name of Proprietor LINDLEY INDUSTRIES LLC TXMGOWAINGRO DISPOSAL SERVICES	Street Address 22820 I-45 NORTH UNIT 6K	City SPRING	State TX	Zip Code 77373-	County HARRIS - 201	Page 6 of 7 Pages
License/Permit/Registry Number <i>(If any)</i> 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

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 correctly identify the firearm to be transferred by listing the manufacturer, model, serial number and/or caliber or gauge of the firearm on the ATF Form 4473 on [redacted] form.

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

Citation: 27 CFR 478.124(c)(4)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will photocopy the inaccurate form and make necessary additions to the photocopy.

Report of Violations

Instructions

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Name of Proprietor LINDLEY INDUSTRIES LLC TXMGO/WAINGRO DISPOSAL SERVICES	Street Address 22820 I-45 NORTH UNIT 6K	City SPRING	State TX	Zip Code 77373-	County HARRIS - 201	Page 7 of 7 Pages
License/Permit/Registry Number (if any) 576201109C05287	Expiration Date 3/1/2019	Date(s) or Period of Inspection 02/08/2016 through 02/08/2017				

Inspection Results

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

Number: 9

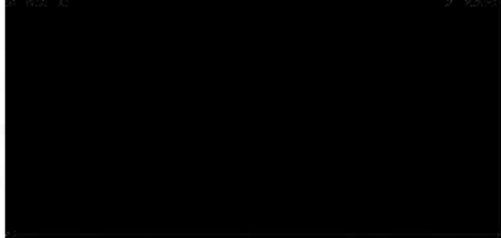
Nature of Violation:

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 on ^{(b)(3)} forms.

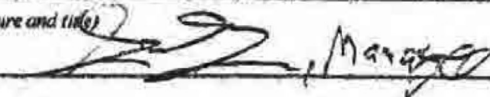
Date Corrections to be Made:
(If not corrected immediately)

Corrective Action to be Taken: In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.
(If not corrected immediately)

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)



Citation: 27 CFR 478.21(a)

I Have Received a Copy of This Report of Violations (Proprietor's signature and title)	Date
 + 01	6/21/17
Signature and Title of ATF Officer	Date
(b)(6)	6/21/17

For Official Use Only

ATF Form 5030.5
Revised April 2005



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives
5825 N. Sam Houston Parkway West, Suite 300
Houston, Texas 77086

www.atf.gov

June 27, 2017

782050 (b)(6)
5373

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Sean Lindley
Lindley Industries, LLC
TXMGO/Waingro Disposal Services
22820 I-45 North Unit 6K
Spring, Texas 77373

REF: FFL# 5-76-201-10-9C-05287

Dear Mr. Lindley:

During a recent compliance inspection at your firearms business covering the period February 8, 2016 to February 8, 2017 you were cited for violations of Title 27, Code of Federal Regulations, Part 478. A copy of the Report of Violations, Form 5030.5, issued at the time of the inspection, is enclosed.

All violations were fully explained to you by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) investigator. You 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 ensure that criminals do not gain access to firearms. ATF appreciates the efforts you and other industry members make in this area, and we look forward to continuing to work with you in that regard.

Mr. Sean Lindley
Lindley Industries, LLC
TXMGO/Waingro Disposal Services

REF: FFL# 5-76-201-10-9C-05287

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.

Should you have any questions regarding this matter, please contact Investigator (b)(6) (b)(6) or me at (b)(6).

Sincerely yours,

(b)(6)

Area Supervisor
Houston VI Field Office

Enclosure: Report of Violations

cc: Federal Firearms Licensing Center
Houston VI Field Office

**U.S. DEPARTMENT OF JUSTICE
BUREAU OF ALCOHOL, TOBACCO,
FIREARMS AND EXPLOSIVES**
Area Supervisor Houston VI
5895 N. Sam Houston Parkway West
Sulfa 300
Houston, Texas 77086

**OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300**



U.S. Postal ServiceTM
CERTIFIED MAILSM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information, visit our website at www.usps.com.

OFFICIAL USE

Postage	1.40
Customer Fee	8.35
Return Receipt Fee (Commercial Required)	2.75
Restricted Delivery Fee (Entrepreneur Required)	7.50
Total Postage & Fees	\$ 19.00

Send To
TXNGO/Waingro Disposal Services
Street, Apt. No., or PO Box No. 22820 I-45 North, Unit 6K
City, State, ZIP+4[®] Springs, Texas 77373

PS Form 3811, August 2004 Set Reverse for Instructions

SENDER: COMPLETE THIS SECTION. See Reverse for Instructions

Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.

Print your name and address on the reverse so that we can return the card to you.

Attach this card to the back of the multiples, or on the front if space permits.

1. Article Addressed to:
**Mr. Sean Lindley
Lindley Industries
TXNGO/Waingro Disposal Services
22820 I-45 North, Unit 6K
Spring, Texas 77373**

2. Article Number (Transfer from service label) **7014 0150 0000 2240 6459**

PS Form 3811, February 2004 Domestic Return Receipt

Mr. Sean Lindley
Lindley Industries, LLC
TXNGO/Waingro Disposal Services
22820 I-45 North, Unit 6K
Spring, Texas 77373

576-201-10-9C-05227
782050-2017-0171

JUN 27 2017

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent Addressee

B. Received by (Printed Name) Date of Delivery

D. Is delivery address different from item 1? Yes No
If YES, enter delivery address below: Yes No

3. Service Type Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes No

FIREARMS INSPECTION REPORT

Name: Lindley Industries, LLC
Trade Name: TXMGO/Waingro Disposal Services

UI#: 782050-2017-0171-B1B
FFL#: 5-76-201-10-9C-05287

Address: 22820 I-45 North Unit 6K
Spring, Texas 77373

1 - Introduction

Inspection Profile:

On February 8, 2017, Industry Operations Investigator (IOI) (b)(6) and Senior Industry Operations Investigator (SIOI) (b)(6) of the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), met in-person with Sean Lindley, Managing Member and Responsible Person at the above-referenced premises. The purpose of the visit was to conduct a compliance inspection of a Type 10, Manufacturer of Destructive Devices Federal Firearms License.

The period of inspection covered February 8, 2016 to February 8, 2017. The on-site inspection commenced on February 8, 2017 and was completed on March 21, 2017. IOI (b)(6) reviewed the corrections to the A&D books on March 21, 2017. No other Federal, State, or local agencies participated in the inspection. The inspection was conducted concurrently with the (b)(7)(F)

Business Profile:

The licensee sells new firearms from the premises as a retail aspect of the business. The firearms sold include long guns and handguns. The licensee is a manufacturer of NFA Firearms, including machine guns, for demonstration to law enforcement agencies and other firearms dealers, Any Other Weapons (AOW) and short barrel firearms. (b)(7)(F)

Approximately (b)(4) of the business is transfers to other dealers. In addition to the retail store, the licensee has an account with Gun Broker to sell firearms, an online gun auction site. The licensee maintains a special occupational tax stamp to manufacturer/deal in National Firearms Act (NFA) firearms. A few firearms are stored off-site at Thomas Thornton's residence. Mr. Thornton is a responsible person on the license. Conventional firearms are acquired from (b)(4). NFA firearms are acquired from (b)(4). Business clientele is the general public and other firearms dealers.

The business premises are located in a business park in Spring, Texas. There are no zoning restrictions. The licensee acquires secondary market firearms from other FFL's and internet sources (transfers), but not the general public.

FIREARMS INSPECTION REPORT

Name: Lindley Industries, LLC
Trade Name: TXMGO/Waingro Disposal Services

UI#: 782050-2017-0171-B1B
FFL#: 5-76-201-10-9C-05287

The licensee participates in approximately four guns shows a year. The licensee sometimes conducts basic gunsmith services. Mr. Lindley has the ability to sell guns thru the website, www.txmgo.com, but the site is currently used for advertising and apparel sales. The licensee maintains a presence on social media at the following sites:

www.facebook.com/TXMGO/
www.instagram.com/texasmachinegun/

(b)(4), (b)(7)(F)

) are more of novelty items. Mr. Lindley does not manufacture ammunition, but ammunition is sold from the premises. Lindley Industries, LLC holds the following ATF licenses:

Type 10, Manufacturer of Destructive Devices FFL # 5-76-201-10-9C-05287
Type 08, Importer of Firearms FFL # 5-76-201-08-9H-05307

(b)(7)(F)

Mr. Lindley stated he also holds a Texas Tobacco Retailer Permit to sell cigars from the premises. No other business is conducted from the premises. Mr. Lindley does not conduct any other business. (b)(6). The licensee holds no other state or local licenses. There are no zoning requirements. The industry member has held the ATF license since February 12, 2016.

(b)(4), (b)(7)(F)

The licensee acquired approximately (b)(4) firearms ((b)(4) handguns, (b)(4) long guns, (b)(4) PGF, (b)(4) receivers, (b)(4) machine guns, (b)(4) destructive devices, (b)(4) short barrel shotguns, (b)(4) any other weapons, (b)(4) suppressors) and disposed of approximately (b)(4) firearms ((b)(4) handguns, (b)(4) long guns, (b)(4) PGF, (b)(4) receivers, (b)(4) machine guns, (b)(4) destructive devices, (b)(4) any other weapon, (b)(4) short barrel rifle, (b)(4) short barrel shotguns) during the inspection period.

FIREARMS INSPECTION REPORT

Name: Lindley Industries, LLC
Trade Name: TXMGO/Waingro Disposal Services

UI#: 782050-2017-0171-B1B
FFL#: 5-76-201-10-9C-05287

Mr. Lindley stated he intends to focus more on the manufacturing and importing portion of the business. Mr. Lindley has decided to cease the traditional retail operation of selling conventional firearms to the general public. Mr. Lindley will continue to conduct firearm transfers and sell TXMGO firearms and Destructive Devices to the general public. Firearms manufactured by Lindley Industries, LLC are taken to (b)(4)

he records the acquisitions into the A&D book. Mr. Lindley stated he usually picks-up the firearms in a day or two.

A monitored alarm system is maintained at the licensed premises. Security cameras are also present (2 inside/2 outside). Mr. Lindley intends to add more security cameras. Firearms are stored inside five gun safes on the premises.

Ownership and Control:

Lindsey Industries, LLC is a limited liability company headquartered in Spring, Texas (Exhibit 1). The Managing Member is Sean Lindley. Mr. Lindley has 90% member's ownership interest in the company. Thomas Thornton and Michael Washmon each have 5% member's ownership interest. There have been no changes in ownership or control. Hidden ownership is not suspected. The responsible persons indicated in FLS are not correct. The Federal Firearms Licensing Center should note the following corrections:

- Deactivate (b)(6) as a responsible person.
- Deactivate (b)(6) as a responsible person.
- The mailing address should be reported as 22820 I-45 North Unit 6K, Spring, Texas 77373.
- The correct spelling of Mr. Washmon's first name should be reported as Michael. Mr. Washmon's birthdate should be reported as (b)(6)

The licensee holds an active Texas Sales and Use Tax Permit (b)(3) - 26 USC 6103 with the Texas Comptroller's Office (**Exhibit 1**). The Franchise Tax Account is active with the Texas Comptroller's Office (**Exhibit 2**). The assumed name of TXMGO is registered with the Texas Secretary of State and expires on January 20, 2026 (**Exhibit 3**). Waingro Disposal Services is registered as an assumed name with the Texas Secretary of State and expires on December 1, 2026 (**Exhibit 4**). TXMGO is registered as an assumed name with the Harris

FIREARMS INSPECTION REPORT

Name: Lindley Industries, LLC
Trade Name: TXMGO/Waingro Disposal Services

UI#: 782050-2017-0171-B1B
FFL#: 5-76-201-10-9C-05287

County Clerk's Office and expires on February 1, 2026 (**Exhibit 5**). Waingro Disposal Services is not registered as an assumed name with the Harris County Clerk's Office. IOI (b)(6) advised Mr. Lindley to register Waingro Disposal Services with Harris County. The lease is valid and expires on June 1, 2017 (**Exhibit 6**).

The licensee filed an amended application to relocate the business premises to 635 9th Street, San Leon, Texas 77359 (Galveston County).

Variance:

The licensee does not hold any variances with ATF. Mr. Lindley has submitted a marking variance request to mark the rockets with stencils, but has not heard back on it yet (**Exhibit 7**). No variances were requested during the inspection.

2 - Recommendation

Violations, Warning Letter Only and No Recall Inspection

3 - Inspection History

Date of Inspection: June 7, 2016
Type of Inspection: Amended Qualification Firearms Inspection
UI#: 782050-2016-0263-B1B
Inspection Results: Application Approved
Cited Violations: None

Date of Inspection: February 2, 2016
Type of Inspection: Firearms Qualification Inspection
UI#: 782110-2016-0181-B1B
Inspection Results: Application Approved
Cited Violations: None

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

A full physical inventory was conducted. The inventory was difficult to complete as the licensee, being a manufacture, utilized separate manufacturer acquisition and disposition books, as well as other separate acquisition and disposition books. The licensee utilized a total of seven separate A&D Books. IOI (b)(6) referred Mr. Lindley to ATF Ruling 2016-3 regarding the combination of separate manufacturer A&D Books. IOI (b)(6) also referred Mr. Lindley to ATF Ruling 2016-1 regarding requirements to keep firearms records electronically. Mr. Lindley stated that beginning

FIREARMS INSPECTION REPORT

Name: Lindley Industries, LLC
Trade Name: TXMGO/Waingro Disposal Services

UI#: 782050-2017-0171-B1B
FFL#: 5-76-201-10-9C-05287

after the inspection, he would transfer all open entries into an electronic firearms record.

After completing the inventory there were a total of 172 firearms in inventory and [REDACTED] open entries in all A&D Books. IOI (b)(6) [REDACTED] could not reconcile [REDACTED] open entry. As a result, the licensee submitted a theft/loss report during the inspection (**Exhibit 8**). Specifically, there were 78 Title I firearms and 94 Title II firearms. A review of the A&D records disclosed the following:

The licensee failed to properly enter the required information for each receipt and disposition of firearms in the record ([REDACTED] instances involving [REDACTED] firearms), which is a violation of 27 CFR 478.123(a), (b) and (d) (**Violation 1-3, Exhibit 9, Worksheet 1**).

The A&D books are manual and in the proper format as required by ATF guidelines. All entries are not timely made. There was no discovery of illegal firearms during the inspection. No trafficking indicators were found.

Licensee's operating procedure in regards to the A&D books was evaluated. Mr. Lindley is primarily responsible for making the entries. Mr. Eaddy or Mr. Thornton will make the entries when Mr. Lindley is away from the premises. The entries for the acquisition of firearms are made at the end of day when firearms are received. The entries for the disposition of firearms are made the same day firearms are transferred. No follow-up reviews are conducted. IOI (b)(6) [REDACTED] recommended Mr. Eaddy or Mr. Thornton review Mr. Lindley's entries. Mr. Lindley stated the serial number on the firearms are compared to the entries in the A&D books quarterly. IOI (b)(6) [REDACTED] recommended the licensee physically compare all the markings on the firearm to the acquisition record.

5 - ATF Forms 4473 – NICS & Other Dispositions

IOI (b)(6) [REDACTED] and SIOI (b)(6) [REDACTED] reviewed [REDACTED] ATF Forms 4473 on file covering the inspection period. The total of [REDACTED] included no denied forms from the last 12 months. There were no denied forms from the previous 5 years.

Prior to inspection, IOI (b)(6) [REDACTED] received a NICS Audit Log Report, which was used to verify eight firearm transactions. There were no discrepancies with the FFL audit log.

IOI (b)(6) [REDACTED] advised Mr. Lindley to separate the denied forms from the proceeds. There were no sales of firearms to law enforcement and transfers to or from other licensees were conducted correctly. Forms 4473 are filed chronologically. The licensee does not utilize the NICS E-Check System. There were no trafficking issues noted during the inspection period.

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A review of the ATF Forms 4473 resulted in the following errors:

27 CFR 478.102(a) - (b)(3) form (Violation 1, Exhibit 10, Worksheet 2).

27 CFR 478.124(c)(1) - (b)(3) forms (Violation 5, Exhibit 11, Worksheet 2).

27 CFR 478.124(c)(3)(i) - (b)(3) forms (Violation 6, Exhibit 12, Worksheet 2).

27 CFR 478.124(c)(3)(iv) - (b)(3) forms (Violation 7, Exhibit 13, Worksheet 2).

27 CFR 478.124(c)(4) - (b)(3) form (Violation 8, Exhibit 14, Worksheet 2).

27 CFR 478.21(a) - (b)(3) forms (Violation 9, Exhibit 15, Worksheet 2).

Licensee's operating procedure in regards to the ATF Forms 4473 was evaluated. Mr. Lindley is primarily responsible for executing the forms. Mr. Eaddy or Mr. Thornton complete the forms when Mr. Lindley is away from the premises. The forms are reviewed while the customers are present. The forms are then permanently filed in a file cabinet (unlockable) in Mr. Lindley's office. IOI (b)(6) recommended Mr. Eaddy or Mr. Thornton review the forms completed by Mr. Lindley. Quarterly follow-up reviews are conducted.

6 - Multiple Sales

Prior to inspection, IOI (b)(6) received a Firearms Trace History Report of the licensee from the Violent Crime Analysis Branch (VCAB). There were two reported multiple handgun sale transactions involving six handguns during the inspection period.

There were no reported multiple sales of rifles during the inspection period. No unreported multiple sale transactions were discovered during the inspection.

7 - Suspicious/Prohibited Purchasers

No Suspicious/Prohibited Purchasers were identified during this inspection. No referrals were made as a result of this inspection.

8 - Trace Activity

IOI (b)(6) received a Firearms Trace History Report of the licensee from the Violent Crime Analysis Branch. The licensee had no firearms traced to their business during the inspection period. No secondary market analysis was conducted.

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9 - NFA/Importer/Collector/Manufacturer

The licensee is authorized deal/manufacture in Title II, or NFA, firearms. The licensee maintains a special occupational tax stamp, which was verified by IOI (b)(6). There were 94 NFA firearms in inventory during the time of inspection. IOI (b)(6) obtained an NFA inventory list from the NFA branch for the licensee. IOI (b)(6) discovered no discrepancies with the NFA inventory list and the inventory on hand. The license's records were accurate, all approved ATF Form 2's and 3's were on file.

Lindley Industries, LLC is also a licensed manufacturer of destructive devices. As previously stated, the licensee maintains separate A&D Books as required by manufacturers. IOI (b)(6) referred Mr. Lindley to ATF Ruling 2016-3 regarding the combination of separate manufacturer A&D Books. This will be the first year the licensee is required to submit ATF EF 5300.11, Annual Firearms Manufacturing and Exportation Report.

The licensee holds a Type 08, Importer of Firearms FFL # 5-76-201-08-9H-05307. A compliance inspection of the Type 08 FFL was not conducted. A review of the Type 08 A&D book revealed only (b)(3)-11 acquisitions and (b)(3)-11 open entries. Both acquisitions (NFA) occurred during the inspection period. Mr. Lindley stated he did not import the firearms. Mr. Lindley stated the transferor mistakenly transferred the firearms to the Type 08 FFL. Mr. Lindley stated he submitted paperwork to transfer the firearms to the Type 10 FFL. Both firearms were on hand during the inspection. Both firearms are listed on the NFRTR for the Type 10 FFL. Mr. Lindley stated he imported a shotgun during the past 12 months and recorded the acquisition in a different A&D book.

No collecting activities were conducted during the inspection period.

10 - Referrals

There were no referrals generated as a result of this inspection.

11 - Other

A query of FLS revealed an accurate list of the responsible persons associated with this FFL. IOI (b)(6) queried Michael Eaddy, Sean Lindley, Ryan Riggs, Thomas Thornton and Michael Washmon in NCIC and N-FORCE confirming that no prohibiting factors exist. There has been no change to the titles of the responsible persons. The titles are correctly shown in FLS.

The licensee is registered with the Department of State, Directorate of Defense Trade Controls (**Exhibit 16**).

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An electronic copy of the 2014 Federal Firearms Regulations Reference Guide was sent to Mr. Lindley.

Mr. Lindley stated he does not have any approved DDTC export licenses yet. Mr. Lindley stated he is getting ready to submit a DSP-73 application for a Temporary Export License to take some suppressors, M16 upper receivers, IR lasers, and Trijicon/Aimpoint optics. Mr. Lindley stated they are all Defense Articles under ITAR. Mr. Lindley stated he is taking them to Denmark for demonstration where he is working a licensing agreement on suppressors. Mr. Lindley stated he is still waiting for DDTC to clarify some things for the application.

12 - Closing Actions

On February 22, 2017, IOI (b)(6) conducted a closing conference with Sean Lindley, Managing Member and Responsible Person. Area Supervisor (b)(6) was also present. The results of the inspection were disclosed. Each item on the Acknowledgement of Federal Firearms Regulations was reviewed and a signed copy was obtained on February 22, 2017 (**Exhibit 17**). A signed copy of the acknowledgement was given to Mr. Lindley.

A review of the Report of Violations (ROV) was conducted. IOI (b)(6) provided Mr. Lindley with a signed copy of the ROV issued for his records. All questions posed by Mr. Lindley were answered. IOI (b)(6) provided a business card and ATF phone list to Mr. Lindley. Mr. Lindley was instructed to contact IOI (b)(6) or any investigator in the Houston Area Office should questions arise in the future. The Important Notice for out of business sales was discussed with Mr. Lindley and a copy was provided as well.

IOI (b)(6) discovered some discrepancies on the ROV during the closing conference. IOI (b)(6) removed line (b)(3) - 112 Public Law 55 125 Stat 552 (addendum 1) for violation #2. IOI (b)(6) made a correction to line (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) for violation #9. The ROV listed item (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6). The item should be reported as incorrect. The ROV was corrected during the closing conference and a copy was provided to Mr. Lindley.

On June 21, 2017, IOI (b)(6) made corrections to the ROV. IOI (b)(6) made a correction to violation # 6, (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6). The ROV listed item #20 for Matthew Maloney. The item should be reported as item #20a. IOI (b)(6) made a correction to violation # 9, (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6). The ROV listed item #30 for (b)(3) - 112 Public Law 55 125 Stat 552. The item should be reported as item #30a. Mr. Lindley signed the corrected ROV. The ROV was updated in NSPECT.

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13 - Violations

1. 27 CFR 478.102(a)

Nature of Violation:

Failure to contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a nonlicensee in one instance.

(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) Item 23- Acceptance of a non-qualifying State Permit as a substitute for NICS check (Oklahoma Handgun License).

Licensee's Response:

Mr. Lindley stated (b)(6) completed the form. Mr. Lindley stated the error occurred due to lack of training by him. Mr. Lindley stated he will review the forms more closely to prevent the errors from reoccurring.

Corrective Action:

In the future, the licensee will contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a nonlicensee. IOI (b)(6) queried the individual in NCIC confirming that no prohibiting factors exist.

Reference Worksheet 2 and Exhibit 10.

2. 27 CFR 478.123(a)

Nature of Violation:

Failure to enter into a record each correct receipt of individual firearms in (b)(3) instances.

#	Bound Book Reference #	Manufacturer /Importer	Model	Serial Number	Caliber/ Gauge	Nature of Violation
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(b)(3) - 112 Public Law 55 125 Stat 552

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



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



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



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



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



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

Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and review the acquisitions at the end of the day to prevent the errors from reoccurring.

Corrective Action:

The licensee will correct the discrepancies in the A&D books. On March 21, 2017, IOI **(b)(6)** returned to the licensed premises and verified the corrections.

Reference Worksheet 1 and Exhibit 9.

3. **27 CFR 478.123(b)**

Nature of Violation:

Failure to enter into a record complete dispositions of individual firearms to another licensee in three instances.

#	Bound Book Reference #	Manufacturer /Importer	Model	Serial Number	Type	Nature of Violation
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(b)(3) - 112 Public Law 55 125 Stat 552

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

Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and review the dispositions at the end of the day to prevent the errors from reoccurring.

Corrective Action:

The licensee will correct the discrepancies in the A&D books. On March 21, 2017, IOI **(b)(6)** returned to the licensed premises and verified the corrections.

Reference Worksheet 1 and Exhibit 9.

4. **27 CFR 478.123(d)**

Nature of Violation:

Failure to enter into a record each disposition of individual firearms in one instance.

#	Bound Book Reference #	Manufacturer /Importer	Model	Serial Number	Type	Nature of Violation
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(b)(3) - 112 Public Law 55 125 Stat 552

Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and review the dispositions at the end of the day to prevent the errors from reoccurring.

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Corrective Action:

The licensee will correct the discrepancies in the A&D books. On March 21, 2017, IOI (b)(6) returned to the licensed premises and verified the corrections.

Reference Worksheet 1 and Exhibit 9.

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

Nature of Violation:

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, who is a resident of the State in which the licensee's premises is located on (b)(6) forms.

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

Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and slow down to prevent the errors from reoccurring.

Corrective Action:

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

Reference Worksheet 1 and Exhibit 11.

6. **27 CFR 478.124(c)(3)(i)**

Nature of Violation:

Failure to verify the identity of the transferee and note on the ATF Form 4473 the type of identification used on (b)(6) forms.

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

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



Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and slow down to prevent the errors from reoccurring.


Corrective Action:

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

Reference Worksheet 1 and Exhibit 12.

7. **27 CFR 478.124(c)(3)(iv)**

Nature of Violation:

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 on  forms.

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



Licensee's Response:

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Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and slow down to prevent the errors from reoccurring.

Corrective Action:

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

Reference Worksheet 1 and Exhibit 13.

8. **27 CFR 478.124(c)(4)**

Nature of Violation:

Failure to correctly identify the firearm to be transferred by listing the manufacturer, model, serial number and/or caliber or gauge of the firearm on the ATF Form 4473 on (b)(3) form.

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

Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and slow down to prevent the errors from reoccurring.

Corrective Action:

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm. On March 21, 2017, IOI (b)(6) returned to the licensed premises and verified the corrections.

Reference Worksheet 1 and Exhibit 14.

9. **27 CFR 478.21(a)**

Nature of Violation:

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 on (b)(3) forms.

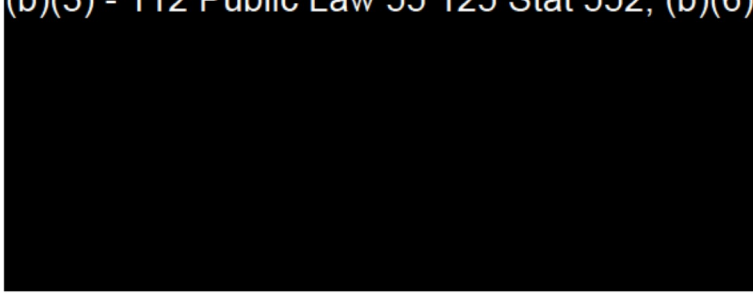
(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

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



Licensee's Response:

Mr. Lindley stated the errors occurred due to lack of attention. Mr. Lindley stated he will create a checklist and slow down to prevent the errors from reoccurring.

Corrective Action:

In the future, the licensee will ensure the proper completion of ATF Forms 4473 prior to the transfer of a firearm.

Reference Worksheet 1 and Exhibit 15.

X

Industry Operations Investigator

Index of Worksheets and Exhibits

ATF F 5030.5 – Report of Violations
Worksheets

- 1, State of Texas Sales and Use Tax Permit
- 2, Franchise Tax Account Certificate
- 3, TXMGO - Texas Secretary of State Assumed Name Certificate
- 4, Waingro Disposal Services - Texas Secretary of State Assumed Name Certificate
- 5, TXMGO – Harris County Assumed Name Certificate
- 6, Lease Agreement
- 7, Marking Variance Request
- 8, Theft/Loss Report
- 9, Copy of A&D book - 27 CFR 478.124(a), (b), (d)
- 10, Copy of ATF Forms 4473 - 27 CFR 478.102(a)

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- 11, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(1)
- 12, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(3)(i)
- 13, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(3)(iv)
- 14, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(4)
- 15, Copy of ATF Forms 4473 - 27 CFR 478.21(a)
- 16, Directorate of Defense Trade Controls Registration
- 17, Acknowledgement of Federal Firearms Regulations dated February 22, 2017