

## Assignment and Report

<b>1. OPERATING NAME AND ADDRESS</b> (INCLUDE ZIP CODE AND COUNTY) MD Firearms LLC MD Firearms 507 Nebraska South Houston, TX 77587, Harris		<b>2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.)</b> 782050-2017-0034-B1B		
		<b>3. PERMIT/LICENSE NUMBER</b> 576201017A04236	<b>4a. TARGET DATE</b> 3/15/2017	<b>4b. TARGET HOURS</b>
		<b>5. REQUESTED BY (SIGNATURE, TITLE AND DATE)</b>		
<b>6. ATF OFFICER(S) ASSIGNED</b> (b)(6) - Lead Investigator				
<b>7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)</b> (b)(6), Area Supervisor, 10/27/2016				
<b>8. PURPOSE/SPECIAL INSTRUCTIONS</b>				
<b>9. INSPECTION RESULTS</b> <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC				
NO. OF VIOLATIONS	5	NO. OF REFERRALS	1	<b>10. TRAVEL EXPENSES (OPTIONAL)</b>
NO. OF TECS CHECKS	24	NO. OF TECS HITS		2111 - PER DIEM
NO. OF TAX ADJUSTMENTS		\$ VALUE OF TAX INCREASES		2112 - P.O.A.
		\$ VALUE OF TAX DECREASES		2113 - COMM. AIR
NO. OF ASSESSMENTS		\$ VALUE OF ASSESSMENTS		2114 - RENTAL CAR
NO. OF CLAIMS		\$ VALUE OF CLAIMS		2115 - GPV EXPENSES
NO. OF TAX PERIODS		\$ VALUE OF TAXES VERIFIED		2116 - MISC.
				TOTAL \$ FOR INSP.
<b>11. ATF OFFICER'S RECOMMENDATION</b> Submitted by (b)(6) - Infustry Operations Investigator  Sub. : 12/07/2016 IOI (b)(6) is requesting an alternate recommendation. The inspection warrants a warning conference. However, this is the licensee's first compliance inspection. The licensee failed to initiate one NICS check which warranted the warning conference. The other violations alone warrant a report of violations only.  Violts WL ONLY and No Recall Inspection				
<b>12. TIME ACCOUNTING DATA</b>				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)		(b)(6)		
OCT 2016	10.00			
NOV 2016	48.00			
DEC 2016	2.00			
ATF OFFICER'S SUBTOTAL	60.00	ATF OFFICER'S SIGNATURE		
TOTAL HOURS	60.00			

## Assignment and Report

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	3. PERMIT/LICENSE NUMBER 576201017A04236	4a. TARGET DATE 3/15/2017	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

### 13. REVIEW AND ROUTING

#### REVIEW COMMENTS AND RECOMMENDATION

The inspection disclosed violations, to include a violation warranting a warning conference. Specifically, a violation of 27 CFR 478.102 for failure to conduct a NICS check or obtain alternative permit of a person who is not prohibited in one instance. However, given the licensee's volume of firearms transfers (approximately [REDACTED] firearms acquisitions and [REDACTED] firearms dispositions during the inspection period) in comparison to the percentage of errors, and it being the first compliance inspection since license issuance, an alternate recommendation of warning letter only and no recall inspection is recommended.

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

1. The correct street name should be Nebraska Street.
2. Remove (b)(6) as a responsible person.
3. Change Jason Mozola's title to managing member.

Viols WL ONLY and No Recall Inspection

☒ REVIEWED ☒ CONCUR ☒ SEE COMMENTS ☐ FINAL DISPOSITION

SIGNATURE AND TITLE (b)(6) - Area Supervisor	REVIEW DATE 12/07/2016
---	---------------------------

#### REVIEW COMMENTS AND RECOMMENDATION

There were five violations cited during this inspection. One violation warrants a recommendation of warning conference. This is the licensee's first compliance inspection since receiving its license in January 2014. I recommend an alternate recommendation of warning letter. There were no transfers to prohibited persons, no missing firearms, no unreported multiple sales, and all traces were successfully perfected. No recall inspection is recommended at this time.

Viols WL ONLY and No Recall Inspection

☒ REVIEWED ☒ CONCUR ☒ SEE COMMENTS ☒ FINAL DISPOSITION

SIGNATURE AND TITLE TLCARTER - Director, Industry Operations	REVIEW DATE 12/07/2016
---	---------------------------

#### 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.

Name of Proprietor MD Firearms LLC MD Firearms	Street Address 507 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 1 of 6 Pages
License/Permit/Registry Number (If any) 576201017A04236		Expiration Date 1/1/2017	Date(s) or Period of Inspection 10/31/2015 through 10/31/2016			

### 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 in one instance.

(b)(3) 112 Public Law 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, the licensee will contact NICS or obtain a valid exception to NICS prior to transferring a firearm to a nonlicensee.

Report of Violations

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Name of Proprietor MD Firearms LLC MD Firearms	Street Address 501 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 2 of 6 Pages
License/Permit/Registry Number (If any) 576201017A04236		Expiration Date 1/1/2017	Date(s) or Period of Inspection 10/31/2015 through 10/31/2016			

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:

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)(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 478.124(c)(1)



## Report of Violations

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Name of Proprietor MD Firearms LLC MD Firearms	Street Address 507 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 3 of 6 Pages
License/Permit/Registry Number (If any) 576201017A04236		Expiration Date 1/1/2017	Date(s) or Period of Inspection 10/31/2015 through 10/31/2016			

### 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 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 or (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)



## 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 MD Firearms LLC MD Firearms	Street Address 507 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 4 of 6 Pages
License/Permit/Registry Number <i>(If any)</i> 576201017A04236		Expiration Date 1/1/2017		Date(s) or Period of Inspection 10/31/2015 through 10/31/2016		

### Inspection Results

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


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



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

Number: 4

#### Nature of Violation:

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 on  form.

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

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)*

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

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 MD Firearms LLC MD Firearms	Street Address 507 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 5 of 6 Pages
License/Permit/Registry Number <i>(If any)</i> 576201017A04236		Expiration Date 1/1/2017	Date(s) or Period of Inspection 10/31/2015 through 10/31/2016			

Inspection Results

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

Number: 5

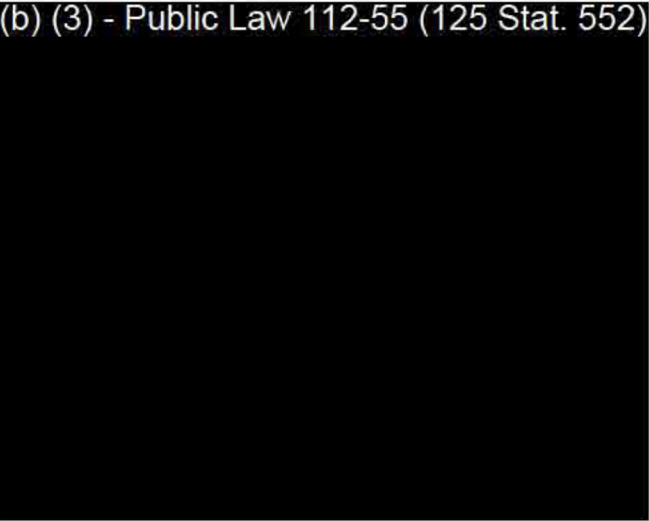
Nature of Violation:

Failure to record in the A&D record the disposition of the following firearms:

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

Corrective Action to be Taken: The licensee will correct the errors.  
*(If not corrected immediately)*

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





## Report of Violations

### Instructions

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Name of Proprietor MD Firearms LLC MD Firearms	Street Address 507 Nebraska	City South Houston	State TX	Zip Code 77587-	County Harris	Page 6 of 6 Pages
License/Permit/Registry Number (If any) 576201017A04236	Expiration Date 1/1/2017	Date(s) or Period of Inspection 10/31/2015 through 10/31/2016				

### 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)**

Citation: 27 CFR 478.125(e)

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

*[Signature]* Owner

Signature **(b)(6)** *FOI*

Date  
11-4-2016

Date  
11-4-16



U.S. Department of Justice

Bureau of Alcohol, Tobacco,  
Firearms and Explosives

5825 N. Sam Houston Pkwy, W., Suite 300  
Houston, Texas 77086

December 9, 2016

www.atf.gov

782050;(b) (6)  
5373

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Mr. Jason Mozola  
MD Firearms, LLC  
MD Firearms  
P.O. Box 821301  
Houston, Texas 77282

REF: FFL# 5-76-201-01-7A-04236

Dear Mr. Mozola:

During a recent compliance inspection at your firearms business covering the period October 31, 2015, to October 31, 2016 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. Jason Mozola  
MD Firearms, LLC  
MD Firearms

REF: FFL# 5-76-201-01-7A-04236

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) 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**  
Firearm Supervisor Houston, TX  
5895 N. Sam Houston Parkway West  
Houston, Texas 77066

Suite 300

Houston, Texas 77066

OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE, \$300



7014 0150 0000 2240 6213

RETURN SERVICE  
REQUESTED



Mr. Jason Mozola  
MD Firearms, LLC  
MD Firearms  
P.O. Box 821301  
Houston, Texas 77282

5-16-2017-01-7A-04236  
782050-2017-0034

SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<p>1. Article Addressed to:</p> <p>Mr. Jason Mozola MD Firearms, LLC MD Firearms P.O. Box 821301 Houston, Texas 77282</p>		<p>A. Signature</p> <p><input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7014 0150 0000 2240 6213</p>		<p>B. Received by (Printed Name)</p> <p>C. Date of Delivery</p>	
<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Registered <input type="checkbox"/> Insured Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> C.O.D.</p>		<p>D. Is delivery address different from item 17?</p> <p>If YES, enter delivery address below:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	
<p>4. Restricted Delivery? (Extra Fee)</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		<p>5. Is delivery address different from item 17?</p> <p>If YES, enter delivery address below:</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	

DEC - 9 2016

7014 0150 0000 2240 6213

<b>U.S. Postal Service™</b> <b>CERTIFIED MAIL™ RECEIPT</b> <i>(Domestic Mail Only; No Insurance Coverage Provided)</i>	
For delivery information visit our website at <a href="http://www.usps.com">www.usps.com</a>	
<b>OFFICIAL USE</b>	
Postage	\$ 1.94
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$ 6.94
<b>MD Firearms</b>	
Sent To <b>Mr. Jason Mozola</b>	
Street, Apt. No., or P.O. Box No. <b>P.O. Box 821301</b>	
City, State, ZIP+4 <b>Houston, Texas 77282</b>	
PS Form 3800, August 2005	

Postmark  
Here

DEC - 9 2016

# FIREARMS INSPECTION REPORT

**Name:** MD Firearms, LLC  
**Trade Name:** MD Firearms

**UI#:** 782050-2017-0034-B1B  
**FFL#:** 5-76-201-01-7A-04236

**Address:** 507 Nebraska Street  
South Houston, Texas 77587

## 1 - Introduction

### Inspection Profile:

On October 31, 2016, Industry Operations Investigator (IOI) (b)(6) of the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), met in-person with Jason Mozola, Managing Member and Responsible Person, at the above-referenced premises.

The purpose of the on-site visit was to conduct a Southwest Border Disposition Emphasis compliance inspection of a Type 01, Dealer in Firearms Other Than Destructive Devices Federal Firearms License. The period of inspection covered October 31, 2015 to October 31, 2016. The on-site inspection commenced on October 31, 2016 and was completed on November 4, 2016. The records were reviewed last on November 4, 2016. No other Federal, State, or local agencies participated in the inspection. Advance notification was not given prior to the inspection.

### Business Profile:

MD Firearms is in the business of conducting retail sales of new and used firearms primarily to the general public. The licensee acquired approximately (b)(4) firearms (b)(4) handguns (b)(4) long guns (b)(4) receivers/frames) and disposed of approximately (b)(4) firearms (b)(4) handguns (b)(4) long guns (b)(4) pistol grip (b)(4) frame (b)(4) receivers) during the last twelve (12) months. The licensee facilitates the transfers of firearms for their customers. Firearms are also accepted on trade-ins. Consignment sales are conducted as well. New firearms sales account for about (b)(4) of business and used firearms account for about (b)(4) of business operations. The licensee engages in gunsmithing activities (b)(4) of business). Retail sales/transfers of firearms account for about (b)(4) of business operations.

An indoor firearms range is also in full operation at the business premises. The range is owned and operated by Marksman Indoor Range Inc., a non-licensed ATF entity. Marksman Indoor Range Inc. has no business affiliation with MD Firearms LLC. They are two separate entities; however, customers can purchase/rent firearms from MD Firearms, LLC to utilize at the range. Sales employees from Marksman Indoor Range Inc. initiate transfers on behalf of MD Firearms, LLC. Ammunition, optics, and accessories are sold by Marksman Indoor Range Inc.



# FIREARMS INSPECTION REPORT

**Name:** MD Firearms, LLC  
**Trade Name:** MD Firearms

**UI#:** 782050-2017-0034-B1B  
**FFL#:** 5-76-201-01-7A-04236

Primary suppliers of new firearms are (b)(4). Used and repair firearms are acquired from the general public. The licensee does make sales at gun shows. Internet sales can be conducted thru the company's website, [www.mdfirearmz.com](http://www.mdfirearmz.com). However, no on-line sales have been conducted. No other business is conducted on the premises. No other business is conducted by the licensee. No other ATF licenses, State or local licenses are held by the licensee. There are no zoning requirements. The industry member has held an ATF license since December 23, 2014. The business premises and storage location are located in a commercial storefront. The premises are in an urban location.

## **Ownership and Control:**

MD Firearms, LLC is an active domestic limited liability company registered in the State of Texas (**Exhibit 1**). Jason Mozola is the only Managing Member. Mr. Mozola stated he has 100% member's ownership interest in the company. There have been no unreported changes in ownership and no hidden ownership was suspected. A person name query on the Texas Secretary of State website revealed no additional business organizations on file for Mr. Mozola.

The Franchise Tax and Sales and Use Tax Permit are active with the Texas Comptroller's Office (**Exhibit 2**). An Assumed Name Certificate is not on file with the Texas Secretary of State or the Harris County Clerk's Office. IOI (b)(6) instructed Mr. Mozola to file the business name with the state and county clerk's office. IOI (b)(6) conducted a property records search on the Harris County Appraisal Districts' website which identified Marksman Indoor Range Inc. as the owner of the property on which the licensed business is located (**Exhibit 3**). The licensee leases the floor space from Marksman Indoor Range Inc. A copy of the lease was provided by Mr. Mozola and expires on December 31, 2019 (**Exhibit 10**).

The Federal Firearms Licensing Center should note the following update:

1. The correct street name should be Nebraska Street.
2. Remove (b)(6) as a responsible person.
3. Change Jason Mozola's title to managing member.

## **Variance:**

The licensee does not hold any variances with ATF and none were requested during the inspection.

## **2 - Recommendation**



# FIREARMS INSPECTION REPORT

**Name:** MD Firearms, LLC  
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**UI#:** 782050-2017-0034-B1B  
**FFL#:** 5-76-201-01-7A-04236

Violations, Warning Letter Only, and No Recall Inspection. IOI (b)(6) is requesting an alternate recommendation. The inspection warrants a warning conference. However, this is the licensee's first compliance inspection. The licensee failed to initiate one NICS check which warranted the warning conference. The other violations alone warrant a report of violations only.

### 3 - Inspection History

**Date of Inspection:** November 18, 2013  
**Type of Inspection:** Firearms Qualification Inspection  
**UI#:** 782050-2014-0112-B1B  
**Inspection Results:** Application Approved  
**Cited Violations:** N/A

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

A full gun to book inventory was conducted during the inspection. There were a total of (b)(3)-(1) firearms listed as open entries in the A&D record, which did not correspond with the 366 firearms counted in inventory. There were a total of (b)(3) inventory discrepancies. There were no missing firearms after reconciliation. A review of the A&D record disclosed the following:

The licensee failed to record in the A&D record the disposition (b)(3) instances involving (b)(3) firearms), which is a violation of 27 CFR 478.125(e) (**Violation 5, Exhibit 4, Worksheet 1**). All cited dispositions involved repair firearms.

The licensee maintains an electronic bound book. IOI (b)(6) compared the computerized system with ATF Ruling 2016-1 and initially discovered the computerized record initially was not in compliance with the ruling. The system utilized is not able to query by purchaser address. IOI (b)(6) informed Mr. Mozola the computerized record did not comply with the ruling. IOI (b)(6) instructed Mr. Mozola to contact the electronic bound book developer (Gun StoreMaster) and inform them of the discrepancy.

On November 8, 2016, Mr. Mozola contacted IOI (b)(6) and advised him that Gun StoreMaster instructed him on how to search by purchaser address thus making the computerized record in compliance with the ruling. No computer server is utilized. The A&D record keeps information in the proper format as required by ATF guidelines. (b)(3)-(1) of the open dispositions were not accurate. The entries were not timely made. IOI (b)(6) traced 23 firearms from acquisition through disposition by comparing the ATF Forms 4473 to the A&D record. No discrepancies were found. There was no discovery of obliterated serial numbers or illegal firearms during the inspection. No

# FIREARMS INSPECTION REPORT

**Name:** MD Firearms, LLC  
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**UI#:** 782050-2017-0034-B1B  
**FFL#:** 5-76-201-01-7A-04236

trafficking indicators were found. The licensee did not submit a theft or loss report during the inspection period or as a result of this inspection.

Licensee's operating procedure in regards to the A&D record was evaluated. Dara Imhoff is primarily responsible for maintaining the A&D record. Gun sales are conducted by (b)(6)

(b)(6) Dara Imhoff, Charles Imhoff, and Jason Mozola are the only employees of MD Firearms. The other individuals are employees of Marksman Indoor Range Inc. and can conduct gun sales on behalf of MD Firearms. Mr. Fox, an employee of Marksman Indoor Range Inc., is listed as a responsible person on MD Firearms' license.

Entries into the A&D record are conducted on the same day firearms are acquired or sold. The markings on the firearm are checked by Mr. Mozola and Ms. Imhoff when logging in the acquisition. A gun audit is conducted at least every quarter by comparing the firearm id number on the gun tag to the id number in the record book. IOI (b)(6) recommended the licensee conduct periodic full gun to book inventories.

Security measures for the premises include a monitored security system with cameras and outdoor security lighting. Employees at the shooting range open carry firearms for personal protection. Most firearms for sale are stored in locked glass display cases. Repair firearms and inventory back stock are stored in Mr. Mozola's office. The office is locked during non-business hours. No off-site storage will be utilized.

## 5 - ATF Forms 4473 – NICS & Other Dispositions

IOI (b)(6) reviewed (b)(3)-112 P01 ATF Forms 4473 on file covering the inspection period. The total of 1,191 included (b)(3)- denied forms from the last 12 months. Prior to inspection, IOI (b)(6) received a NICS Audit Log Report, which was used to verify (b)(3)-112 firearm transactions. The total of (b)(3)-112 included (b)(3)- denied forms from the previous five years. There were no discrepancies with the FFL audit log.

The denied forms are separated from the proceed forms. There were no sales of firearms to law enforcement and transfers to or from other licensees were conducted correctly. The forms are filed chronologically. The firearm id number is recorded in the transferor's transaction serial number section. This is for internal use only. The licensee utilizes the NICS E-Check System. There were possible trafficking issues noted during the inspection period (*see referral section*).

Of the (b)(3)-112 P01 ATF Forms 4473 reviewed, (b)(3)- forms were cited and contained errors resulting in the following:

**27 CFR 478.102(a) - (b)(3)-11 form (Violation 1, Exhibit 5, Worksheet 2).**



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27 CFR 478.124(c)(1) - (b)(3) forms (Violation 2, Exhibit 6, Worksheet 2).

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

27 CFR 478.124(c)(5) - (b)(3) - 11 form (Violation 4, Exhibit 8, Worksheet 2).

Licensee's operating procedure in regards to the ATF Forms 4473 was evaluated. The licensee's employees and Marksman Indoor Range Inc. employees are responsible for executing the forms. Forms are double checked prior to transferring the firearm. The most recent forms are stored in a file cabinet in Mr. Mozola's office. Older forms are stored in a file cabinet in a locked room across from the shooting range. (b)(6) also compares the handwritten receipt to the form as part of the review process. Follow-up reviews were conducted once a year, however, the licensee intends to perform more secondary checks.

## 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 (b)(3) reported multiple handgun sale transactions involving (b)(3) handguns during the inspection period.

There were (b)(3) - 112 Public Law 55 125 Stat multiple sale of certain rifles transactions involving (b)(3) rifles during the inspection period.

No unreported multiple rifle or handgun sales were discovered.

## 7 - Suspicious/Prohibited Purchasers

No prohibited purchasers were identified during this inspection. However, IOI (b)(6) submitted a referral for a suspicious purchaser (*see section 10-referrals*). IOI (b)(6) conducted random OpenFox criminal history queries on 11 individuals with Texas Concealed Handgun permits or no NICS resolution. No prohibitive information discovered.

## 8 - Trace Activity

Prior to inspection, IOI (b)(6) received a Firearms Trace History Report of the licensee from VCAB. There were (b)(3) successful traces of a firearm to the licensee during the inspection period. There was (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

[REDACTED]

# FIREARMS INSPECTION REPORT

**Name:** MD Firearms, LLC  
**Trade Name:** MD Firearms

**UI#:** 782050-2017-0034-B1B  
**FFL#:** 5-76-201-01-7A-04236

Used firearms account for about (b)(4) of business operation. The licensee acquired approximately (b)(4) used firearms and disposed of approximately (b)(4) used firearms.

Secondary market analysis using OpenFox to randomly query 11 used firearms currently in inventory revealed no prohibitive information.

## 9 - NFA/Importer/Collector/Manufacturer

The licensee does not conduct any NFA, Importer, Collector or Manufacturing operations.

## 10 - Referrals

A referral for a suspicious purchaser was submitted as a result of this inspection. (b)(6)

(b)(6)

## 11 - Other

The Youth Handgun Safety poster and Federal Firearms License were available for review. Gun safety devices were available. A query of FLS did not reveal an accurate list of the responsible persons associated with this FFL. Paul Tran should be removed as a responsible person. IOI (b)(6) queried James Fox and Jason Mozola in NCIC and N-FORCE confirming that no prohibiting factors exist.

IOI (b)(6) informed Mr. Mozola that gunsmiths may be required to register with the Department of State, Directorate of Defense Trade Controls (DDTC). IOI (b)(6) provided the contact information for DDTC to Mr. Mozola.

(b)(3) - 112 Public Law 55 125 Stat 552. An electronic copy of the 2014 Federal Firearms Regulations Reference Guide was sent to Mr. Mozola.

## 12 - Closing Actions

On November 4, 2016, IOI (b)(6) conducted a closing conference with Jason Mozola, Managing Member and Responsible Person. 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 November 4, 2016 (**Exhibit 9**). A signed copy was given

## FIREARMS INSPECTION REPORT

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to Mr. Mozola. IOI (b)(6) discussed the Important Notice for out of business sales with Mr. Mozola and a copy was provided.

A review of the report of violations was conducted. IOI (b)(6) provided Mr. Mozola with a signed copy of the report of violations issued for his records. All questions posed by Mr. Mozola were answered and IOI (b)(6) provided a current ATF phone list and business card. Mr. Mozola was instructed to contact IOI (b)(6) or any investigator in the Houston Area Office should questions arise in the future.

### **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. IOI (b)(6) conducted a background check of the purchaser confirming that no prohibiting factors exist.

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

##### **Licensee's Response:**

Mr. Mozola stated people were reviewing the forms quickly and needed to slow down. Mr. Mozola stated he will have the gun sales people utilize a Form 4473 template to ensure correctness.

##### **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.

Reference Worksheet 2 and Exhibit 5.

#### **2. 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 are located 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. Mozola stated people were reviewing the forms quickly and needed to slow down. Mr. Mozola stated he will have the gun sales people utilize a Form 4473 template to ensure correctness.


**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 2 and Exhibit 6.

3. **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)



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



**Licensee's Response:**

Mr. Mozola stated people were reviewing the forms quickly and needed to slow down. Mr. Mozola stated he will have the gun sales people utilize a Form 4473 template to ensure correctness.


**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 2 and Exhibit 7.

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

**Nature of Violation:**

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 on  form.

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

**Licensee's Response:**

## FIREARMS INSPECTION REPORT

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**UI#:** 782050-2017-0034-B1B  
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Mr. Mozola stated people were reviewing the forms quickly and needed to slow down. Mr. Mozola stated he will have the gun sales people utilize a Form 4473 template to ensure correctness.

### **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 2 and Exhibit 8.

### 5. **27 CFR 478.125(e)**

### **Nature of Violation:**

Failure to record in the A&D record the disposition of the following firearms:

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



### **Licensee's Response:**

Mr. Mozola stated the dispositions were not recorded in the A&D record because the repair ticket was missing. Mr. Mozola stated he will have the completed repair tickets put in a box in his office to ensure dispositions are recorded. Mr. Mozola reconciled the dispositions by finding the repair tickets or contacting the customers.

# FIREARMS INSPECTION REPORT

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## **Corrective Action:**

The licensee will correct the errors. The corrections to the A&D record were verified on November 4, 2016.

Reference Worksheet 1 and Exhibit 4.

**X**

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Industry Operations Investigator

## **Index of Worksheets and Exhibits**

ATF F 5030.5 - Report of Violations

Worksheets

- 1, Certificate of Formation
- 2, Texas Franchise Tax Certificate and Texas Sales and Use Tax Permit
- 3, Harris County Appraisal District
- 4, Copy of A&D record - 27 CFR 478.125(e)
- 5, Copy of ATF Form 4473 - 27 CFR 478.102(a)
- 6, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(1)
- 7, Copy of ATF Forms 4473 - 27 CFR 478.124(c)(3)(iv)
- 8, Copy of ATF Form 4473 - 27 CFR 478.124(c)(5)
- 9, Acknowledgement of Federal Firearms Regulations dated November 4, 2016
- 10, Lease Agreement