

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) K2 Firearms Inc K2 Firearms 1928 Hoff Rd Windthorst, TX 76389, Clay	2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 781085-2016-0261-B1B		
	3. PERMIT/LICENSE NUMBER 575077018F07484	4a. TARGET DATE 6/30/2016	4b. TARGET HOURS
5. REQUESTED BY (SIGNATURE, TITLE AND DATE)			

13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION
Viols WL ONLY and No Recall Inspection

REVIEWED CONCUR SEE COMMENTS FINAL DISPOSITION

SIGNATURE AND TITLE (b) (6) Area Supervisor	(b) (6)	REVIEW DATE 07/28/2016
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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 K2 Firearms Inc K2 Firearms	Street Address 1928 Hoff Rd	City Windthorst	State TX	Zip Code 76389-	County Clay	Page 1 of 4 Pages
License/Permit/Registry Number (if any) 575077018F07484	Expiration Date 6/1/2018	Date(s) or Period of Inspection 06/22/2015 through 06/22/2016				

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 furnish all information called for in each ATF Form 4473 as indicated by the headings on the ATF Form 4473 and the instructions on or pertaining to the ATF Form 4473 in ^{(b) (3) - Public Law} instance:

(b) (3) - (26 USC § 6103)

Citation: 27 CFR 478.21(a)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

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

Number: 2

Nature of Violation:

Failure to obtain a properly completed ATF Form 4473 from a nonlicensee prior to the transfer of a firearm ^{(b) (3) - P} instances:

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

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)

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

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License/Permit/Registry Number <i>(If any)</i> 575077018F07484	Expiration Date 6/1/2018	Date(s) or Period of Inspection 06/22/2015 through 06/22/2016				

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 verify and correctly record identification document of transferee on ATF Form 4473 instances:

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

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will always verify and correctly record all identification documents on the ATF Form 4473.

Number: 4

Nature of Violation:

Failure to accurately note the NICS system contact date on the ATF Form 4473 in 6 instances:

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

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

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee will always provide the correct NICS system contact date on the ATF Form 4473.

Report of Violations

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License/Permit/Registry Number <i>(If any)</i> 575077018F07484		Expiration Date 6/1/2018		Date(s) or Period of Inspection 06/22/2015 through 06/22/2016		

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 report and or prepare a Report of Multiple Sale or Other Disposition of Certain Rifles (ATF 3310.12), to report the sale or other disposition two or more certain rifles to a nonlicensee at one time or during any five consecutive days (b) (3) - P instances.
- Citation:** 18 U.S.C. 923(g)(5)(A)
- Date Corrections to be Made:**
(If not corrected immediately)
- Corrective Action to be Taken:** *(If not corrected immediately)* The licensee will prepare a Report of Multiple Sale or Other Disposition of Certain Rifles (ATF 3310.12), to report the sale or other disposition two or more certain rifles to a nonlicensee at one time or during any five consecutive days.
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- Number:** 6
- Nature of Violation:** Failure to retain ATF Form 4473 with respect to which sale, delivery, or transfer took place (b) (3) - P instances.
- Citation:** 27 CFR 478.129(b)
- Date Corrections to be Made:**
(If not corrected immediately)
- Corrective Action to be Taken:** *(If not corrected immediately)* The licensee will ensure all ATF Forms 4473 with respect to which a sale, delivery, or transfer did not take place are properly filed in alphabetical order, numerical, or chronological order.

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

Report of Violations

Instructions

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

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Inspection Results

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

Number: 7

Nature of Violation:

Failure to accurately and timely maintain the Acquisition and Disposition Record instances:

(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)

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

Citation: 27 CFR 478.125(e)

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

[Signature] CFO

Date
30 June 2016

(b) (6)

Industry Operations Investigator

Date
6-30-16



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Dallas Field Division

Dallas, Texas 75242

www.atf.gov

Certified Mail 7014-0510-0001-2420-8492 - Return Receipt Requested

August 1, 2016

K2 Firearms Inc
K2 Firearms
Attn: Todd Koetter
1928 Hoff Rd
Windthorst, TX 76389

RE: 575077018F07484

Dear Mr. Koetter:

During a recent inspection at your firearms business covering the period June 22, 2015 to June 22, 2016, you were cited for violations of Title 27, Code of Federal Regulations, Part 478. A copy of the Report of Violations, ATF F 5030.5, issued at the time of the inspection is enclosed.

All violations were fully explained to you or your designated responsible person by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Industry Operations Investigator(s). You or your responsible person indicated that you understood the requirements of the firearms laws and regulations and that corrective actions would be taken to eliminate future violations.

The records you are required to maintain and the business operations you conduct are important to law enforcement in our continuing efforts to reduce violent crime and protect the public. It is essential that you comply with all Federal laws and regulations that govern your firearms business. This is critical to carrying out our mission to protect the public and to ensure that criminals do not gain access to firearms. ATF appreciates the efforts you and other industry members make in this area. We look forward to continuing to work with you in that regard.

K2 Firearms Inc

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 feel free to contact me at (b) (6)

Sincerely yours,

(b) (6)
(b) (6) Area Supervisor
Dallas Field Division

Enclosure

Report of Violation(s)

c: Federal Firearms Licensing Center
Dallas VI (IO) Field Office

Address: 1928 Hoff Road
Windthorst, Texas 76389 (Clay County)

1 - Introduction

Inspection Profile:

On June 22, 2016, ATF Industry Operations Investigators (b)(6) and (b)(6) conducted a Southwest Border inspection at the business premises of K2 Firearms Inc d.b.a. K2 Firearms. Investigator Paulek interviewed Todd Koetter, owner, and Mr. Ryan Johnson, associate. Mr. Koetter identified himself with his Texas driver's license (TXDL: (b)(6)) and Mr. Johnson identified himself with his Texas driver's license (TXDL: (b)(6)). The period covered by this inspection was the previous 12 months for ATF Forms 4473 and the entire firearm inventory. Investigator (b)(6) held the inspection closeout with Mr. Koetter and Mr. Johnson on June 30, 2016. The inspection was conducted with prior notification due to the distance from the area office. No other Federal/State/local agencies participated in this inspection.

Business Profile:

K2 Firearms Inc holds a Type 01-Dealer, in Federal Firearms Other Than Destructive Devices license to buy and sell new and used long guns and handguns. Mr. Koetter described the business as open to the public Tuesday-Friday from 11am-6pm. Mr. Koetter stated they mostly sell new firearms, but will occasionally purchase a used firearm and sell it. Mr. Koetter stated they do accept transfers.

K2 Firearms Inc acquired (b)(4) firearms, (b)(4) handguns, (b)(4) long guns, (b)(4) receivers, and (b)(4) NFA) and disposed of (b)(4) firearms, (b)(4) handguns, (b)(4) long guns, (b)(4) receivers, and (b)(4) NFA) during the previous 12 months.

Mr. Koetter stated the primary suppliers of firearms are from (b)(4) (b)(4).

Mr. Koetter stated they do not sell firearms over the internet. Mr. Koetter stated they participate in approximately 5 gun shows a year and all in Wichita Falls.

Mr. Koetter stated they do not operate any other business from the premises.

Mr. Koetter stated they do not have any off-site storage.

K2 Firearms Inc operates under Texas Sales and Use Tax Permit (b)(3) - 26 USC 6103 and the Texas Comptroller of Public Accounts shows that K2 Firearms Inc as 'active' (**Exhibit 1**).

A query of the Clay County Central Appraisal District website disclosed Roy Koetter as the owner of the licensed premises (**Exhibit 2**). The property owner is Mr. Koetter's father and there is a letter giving permission to have the firearms business on the property is in the area office file.

The business premises are located in a rural setting and all zoning requirements are met.

The licensee has held its current license since 2012.

Ownership and Control:

K2 Firearms Inc is structured as a domestic for-profit corporation and a query of the Texas Secretary of State disclosed the director and managing member as Staci Koetter (**Exhibit 3**).

Investigator **(b)(6)** did not review any documents or observe any activities and the licensee did not make any statements during the inspection that indicated the possibility of hidden ownership.

Mr. Koetter did state that he is thinking of adding Mr. Ryan Johnson as a managing member to the business. Investigator **(b)(6)** advised him that if he should add another member to the license he will need to submit a letter of intent and Mr. Johnson's identifying information to the licensing center to have Mr. Johnson added as a responsible person to the license.

Variance:

K2 Firearms Inc does not have any variances on file with the ATF and none were requested during the inspection.

2 - Recommendation

Viols WL Only No Recall Inspection

3 - Inspection History

Date of Inspection: 5/1/12
Type of Inspection: Qualification Inspection
UI#: 781085-2012-0338-B1B
Inspection Results: Application Approved
Cited Violations:

Date of Inspection:
Type of Inspection:

UI#:

Inspection Results:

Cited Violations:

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

Investigator (b)(6) conducted a full inventory and found (b)(3)-(11) open dispositions and 223 firearms in inventory. There were (b)(6) inventory discrepancies found as a result of the inspection which included (b)(6) firearms that had the incorrect serial number, (b)(6) firearm had a disposition recorded when the firearm was located in inventory, (b)(6) firearm had the incorrect disposition recorded, (b)(6) firearm did not have the transfer date recorded, (b)(6) firearm showed an open disposition, but the firearm was transferred, and (b)(6) firearm was missing from inventory. **Report of Violations 7, Worksheet 1 Inventory, A&D and Exhibit 4.**

Investigator (b)(6) compared (b)(3) disposition entries to the corresponding ATF Forms 4473 and found no discrepancies.

The licensee did not complete an ATF Form 3310.11 (theft/loss) during the previous 12 months, however, the licensee did complete (b)(3)-(11) as a result of this inspection. During the inspection a (b)(3) - 112 Public Law 55 125 Stat 552 could not be located in inventory and a disposition could not be located. Investigator (b)(6) assisted Mr. Koetter in filing a missing firearm report. Mr. Koetter contacted the Clay County Sheriff's Office and the ATF to report the firearm missing (**Exhibit 5**).

The A&D Book is in the proper format and while reviewing the A&D Book, Investigator (b)(6) found no suspicious purchasers, shippers, or licensees.

Investigator (b)(6) discovered no firearms with obliterated serial numbers or unregistered NFA firearms.

Investigator (b)(6) did not identify any trafficking issues as a result of the A&D Book review.

The licensee has adequate security measures in place. The building has locks on all of the doors and security lights on the exterior.

5 - ATF Forms 4473 – NICS & Other Dispositions

The licensee had (b)(3)-(11) ATF Forms 4473 on file for the inspection period. Investigator (b)(6) reviewed all (b)(3)-(11) ATF Forms 4473. Review of the forms resulted in the following violations: (b)(6) forms violated 478.21(a), (b)(6) forms violated 478.124(c)(1), (b)(6) forms violated 478.124(c)(3)(i), (b)(6) forms violated 478.124(c)(3)(iv), (b)(6) forms violated USC 923(g)(5)(A), (b)(6) forms violated 27 CFR 478.129(b) **Report of Violations 2-6, Worksheet 2 and Exhibits 6.**

Investigators (b)(6) found transfers to other licensees were conducted properly.

K2 Firearms is separately retaining all ATF Forms 4473 where the transaction did not take place.

During the inspection period, Investigators (b)(6) found no sales to law enforcement officers utilizing the provisions of 27 CFR § 478.134.

The licensee had 21 NICS transactions listed on the FFL audit log for the review period. Investigator Moore verified the 21 'proceed' responses and found no discrepancies.

6 - Multiple Sales

The VCAB query disclosed (b)(6) multiple handgun sales/certain rifles during the previous 12 months. The investigators discovered (b)(6) unreported multiple certain rifle sales involving (b)(6) certain rifles during this inspection. **Report of Violations 5, Worksheet 2 and Exhibit 6.**

7 - Suspicious/Prohibited Purchasers

Investigator (b)(6) did not discover any suspicious or prohibited purchasers during the inspection.

8 - Trace Activity

Investigator (b)(6) requested an FFL History Report from the Violent Crime Analysis Branch (VCAB) resulting in one trace in the past 12 months.

This licensee had no firearm traces to Mexico.

9 - NFA/Importer/Collector/Manufacturer

Investigator Paulek requested a National Firearm Registration and Transfer Record (NFRTR) from ATF National Firearms Act Branch of all NFA weapons in possession of K2 Firearms Inc. Investigator (b)(6) examined all suppressors and short barrel rifles found in inventory and compared it to the registration record. The inspection disclosed no discrepancies (**Exhibit 7**).

Investigator (b)(6) advised Mr. Koetter that he needs to keep all NFA Forms. He stated he transferred a suppresser to Wichita Falls PD, but failed to keep the NFA Form and also failed to write the disposition date in the A&D Record book (which he was cited for). Investigator (b)(6) also advised him to request a copy of the form from the NFA Branch.

K2 Firearms Inc has a current Special Occupational Tax (SOT) document (**Exhibit 8**).

Mr. Koetter stated K2 Firearms Inc does not import, collect, or manufacture firearms.

10 - Referrals

There were no referrals made from information received during this inspection.

11 - Other

This licensee had no Special attention Flags in FLS that would indicate that this FFL was under a current ATF criminal enforcement investigation at the time of the inspection.

The licensee had the Youth Handgun Safety Act poster displayed and had the Youth Handgun Safety Act Notice for distribution. The licensee has secure gun storage and safety devices for sale.

NCIC/TCIC queries on Staci and Todd Koetter disclosed no prohibiting information.

Investigator Paulek queried NFORCE which disclosed the licensee is not involved any CE investigations.

12 - Closing Actions

On June 30, 2016, Investigator (b)(6) discussed and explained ATF Form 5030.5 the Report of Violations and all of the information on the Acknowledgement of Federal Firearms Regulations to Mr. Koetter and Mr. Johnson (**Exhibit 9**). Mr. Koetter completed the forms and kept a copy for their records.

13 - Violations

1. 27 CFR 478.21(a)

Nature of Violation: The licensee failed to furnish all information called for in each ATF Form 4473 as indicated by the headings on the ATF Form 4473 and the instructions on or pertaining to the ATF Form 4473 in [REDACTED] instance:

[REDACTED] had Block 22 "No NICS check was required because the transfer involved only National Firearms Act firearms" blank.

Licensee's Response: Mr. Koetter stated it was an oversight.

Corrective Action: Mr. Johnson stated he was going to take more of a responsible role by checking the forms before they are filed. Mr. Koetter stated they will also check the form before the customer leaves the store.

Reference: Worksheet 2 (2012 edition) and Exhibit 6

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

Nature of Violation: The licensee failed to obtain a properly completed ATF Form 4473 from a nonlicensee prior to the transfer of a firearm in [REDACTED] instances:

[REDACTED] Form had Block 17 "Certification Date" blank

[REDACTED] Form had Block 17 "Certification Date" with the incorrect date recorded; [REDACTED] s recorded when it should have been [REDACTED]

Licensee's Response: Mr. Koetter stated it was an oversight.

Corrective Action: Mr. Johnson stated he was going to take more of a responsible role by checking the forms before they are filed. Mr. Koetter stated they will also check the form before the customer leaves the store.

Reference: Worksheet 2 (2012 edition) and Exhibit 6.

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

Nature of Violation: The licensee failed to verify and correctly record identification document of transferee on ATF Form 4473 in [REDACTED] instances:

- [REDACTED] forms had not verified or recorded PCS orders on transfers to military personnel in Block 20b "Alternate Documentation"

Licensee's Response: Mr. Koetter stated they weren't aware that they had to verify that the military personnel were stationed in the state that they are purchasing from.

Corrective Action: Mr. Johnson stated he was going to take more of a responsible role by checking the forms before they are filed. Mr. Koetter stated they will also check the form before the customer leaves the store.

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

Nature of Violation: The licensee failed to note the NICS system contact date or the response provided by the NICS system onto the ATF Forms 4473 in [REDACTED] instances:

- [REDACTED] forms had Block 21a "Date the transferee's identifying information in Section A was transmitted to NICS" with the incorrect date recorded.

Licensee's Response: Mr. Koetter stated it was an oversight.

Corrective Action: Mr. Johnson stated he was going to take more of a responsible role by checking the forms before they are filed. Mr. Koetter stated they will also check the form before the customer leaves the store.

Reference: Worksheet 2 (2012 edition) and Exhibit 6.

5. **18 USC 923(g)(5)(A)**

Nature of Violation: The licensee failed to report and or prepare a Report of Multiple Sale or Other Disposition of Certain Rifles (ATF 3310.12), to report the sale or other disposition two or more certain rifles to a nonlicensee at one time or during any five consecutive days ^{(b)(7)(D)} instances.

Licensee's Response: Mr. Koetter stated it was an oversight and that he will be purchasing a fax machine to place in the shop.

Corrective Action: Mr. Johnson stated he was going to take more of a responsible role by checking the forms before they are filed. Mr. Koetter stated they will also check the form before the customer leaves the store.

Reference: Worksheet 2 (2012 edition) and Exhibit 6.

6. **27 CFR 478.129(b)**

Nature of Violation: The licensee failed to retain ATF Form 4473 with respect to which sale, delivery, or transfer took place in ^{(b)(7)(D)} instances:

- In ^{(b)(7)(D)} instances an NFA firearm was transferred without the retention of an ATF Form 4473. Only Section A was copied and kept.

Licensee's Response: Mr. Koetter stated they misplaced the ATF Form 4473 and could not locate them.

Corrective Action: Mr. Koetter stated they will keep better track of their forms and paperwork.

Reference: Worksheet 2 (2012 edition) and Exhibit 6.

7. **27 CFR 478.125(e)**

Nature of Violation: The licensee failed to accurately and timely maintain the Acquisition and Disposition Record in ^{(b)(3)} instances:

- ^{(b)(3)} firearms had the incorrect serial number recorded
- firearm had a disposition recorded when the firearm was located in inventory
- firearm had the incorrect disposition information recorded
- firearm did not have the transfer date recorded
- firearm showed an open disposition, but the firearm was transferred
- firearm was missing from inventory and a disposition could not be located

Licensee's Response: Mr. Koetter stated they weren't paying attention when they were making the entries.

Corrective Action: Mr. Koetter stated they will make sure the A&D is properly maintained.

Reference: Worksheet 2 (2012 edition) and Exhibit 5.

X

Industry Operations Investigator

Index of Worksheets and Exhibits

Worksheets

1. Informational Page
2. Inventory and A&D Review Worksheet
3. ATF Form 4473 Review Worksheet
4. Statistical Page

Exhibits

1. Texas Secretary of State
2. Clay County Central Appraisal District
3. Texas Comptroller of Public Accounts
4. A&D Violations
5. FFL Firearms Inventory Theft/Loss Report
6. ATF Form 4473 Violation
7. National Firearm Registration and Transfer Record
8. Special Occupational Tax
9. Acknowledgement of Federal Firearms Regulations

