

## Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) Velocity Manufacturing Company, LLC VMC Velocity Tactics and Fort Scott Munitions 523 Wall St. Fort Scott, KS 66701, BOURBON		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 779025-2017-0080-B1B		
		3. PERMIT/LICENSE NUMBER 548011079C03071	4a. TARGET DATE 9/15/2017	4b. TARGET HOURS
		5. REQUESTED BY (SIGNATURE, TITLE AND DATE) 10/01/2016		
6. ATF OFFICER(S) ASSIGNED (b)(6) - Lead Investigator				
7. ASSIGNED BY (SIGNATURE, TITLE AND DATE) (b)(6) , Area Supervisor, 10/03/2016				
8. PURPOSE/SPECIAL INSTRUCTIONS Compliance. Conduct in conjunction with M&I (08-03173) and SEA (20-00910).				
9. INSPECTION RESULTS <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC				
NO. OF VIOLATIONS	6	NO. OF REFERRALS		10. TRAVEL EXPENSES (OPTIONAL)
NO. OF TECS CHECKS		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.
11. ATF OFFICER'S RECOMMENDATION Submitted by (b)(6) - Industry Operations Investigator  Submitted on: 02/14/2017 Current responsible persons on the license include, CEO/ owner Roger Kraft and President Ryan Kraft. However; there are multiple responsible persons that should be listed on the license. In November of 2016, (b)(6) Compliance Coordinator emailed (b)(6) to add the following people as responsible persons to this Type 08 license; Office Employee (b)(6), Vice President Gregory Fess, General Manager (b)(6) and Office Manager (b)(6).  Violts WL ONLY and No Recall Inspection				
12. TIME ACCOUNTING DATA				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
DEC 2016		14.00		
JAN 2017		6.00		
FEB 2017		9.00		
ATF OFFICER'S SUBTOTAL		29.00	ATF OFFICER'S SIGNATURE	
TOTAL HOURS		29.00		

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	3. PERMIT/LICENSE NUMBER 548011079C03071	4a. TARGET DATE 9/15/2017	4b. TARGET HOURS
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### 13. REVIEW AND ROUTING

#### REVIEW COMMENTS AND RECOMMENDATION

ALTERNATE RECOMMENDATION: WARNING LETTER ONLY – NO RECALL

Inspection meets the standard for Warning Conference under the Administrative Action Policy (2/8/2013). Licensee was cited for (b)(6) instance of failing to mark a manufactured machine gun – WC at Sec 6.c.(14) and for one (1) instance of failing to conduct a NICS check (expired CCW – not prohibited) – WL at Sec 6.c.(13). Additional form and inventory violations do not rise to the level of administrative action.

JUSTIFICATION FOR ALTERNATE: The violations do not appear to support the standard for willfulness. The licensee acknowledged the marking error and immediately marked the firearm. The licensee was receptive to all of the corrective actions. As a holder of a Type-07, Type-08 and Type-20 FEL, the licensee will be inspected every 3-5 years in accordance with Frontline guidelines.

FLS Updates: Add Office Manager Steven Kalm as RP (Current info on file w/ 5-48-08-03173). NOTE: FLS shows additional RPs listed above are now active.

AS Reviewed: 2/15/2017  
Sent to DIO: 2/15/2017  
DIO Concur: 2/16/17  
Warning Letter sent: 2/16/17  
PII sent 2/16/17

Viols WL ONLY and No Recall Inspection

☒ REVIEWED ☒ CONCUR ☒ SEE COMMENTS ☐ FINAL DISPOSITION

SIGNATURE AND TITLE (b)(6) - Area Supervisor	Digitally signed by (b)(6) Date: 2017.02.16 13:31:14 -06'00'	REVIEW DATE 02/15/2017
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#### REVIEW COMMENTS AND RECOMMENDATION

Concur with alternate for warning letter.

Viols WL ONLY and No Recall Inspection

☒ REVIEWED ☒ CONCUR ☒ SEE COMMENTS ☐ FINAL DISPOSITION

SIGNATURE AND TITLE WLBOWERS - Director Industry Operations	REVIEW DATE 02/16/2017
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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 Velocity Manufacturing Company, LLC VMC Velocity Tactics and Fort Scott Munitions	Street Address 523 Wall St.	City Fort Scott	State KS	Zip Code 66701-	County BOURBON	Page 1 of 3 Pages
License/Permit/Registry Number <i>(If any)</i> 548011079C03071		Expiration Date 3/1/2019		Date(s) or Period of Inspection 12/21/2015 through 12/21/2016		

### 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 accurately and timely record the acquisition of firearms in the A&D book. On <sup>(b)(3)</sup> instance the licensee took a firearm in for repair but did not record the firearm in the A&D book <sup>(b)(3) - Public Law 112-55 (125 Stat. 552) (b)(6)</sup>

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

Citation: 27 CFR 478.123(a)

#### Date Corrections to be Made:

*(If not corrected immediately)*

**Corrective Action to be Taken:** Licensee is to update and correct the A&D book

*(If not corrected immediately)*

Number: 2

#### Nature of Violation:

Failure to accurately and timely record dispositions of firearms to other FFLs in the A&D book. On <sup>(b)(3)</sup> instances the licensee transferred firearms to another FFL and did not log the firearm out in the A&D book. (A&D Sale Log <sup>(b)(3) - Public Law 112-55 (125 Stat. 552) (b)(6)</sup>

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

Citation: 27 CFR 478.123(b)

#### Date Corrections to be Made:

*(If not corrected immediately)*

**Corrective Action to be Taken:** Licensee is to update and correct the A&D book.

*(If not corrected immediately)*

## Report of Violations

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Name of Proprietor Velocity Manufacturing Company, LLC VMC Velocity Tactics and Fort Scott Munitions	Street Address 523 Wall St.	City Fort Scott	State KS	Zip Code 66701-	County BOURBON	Page 2 of 3 Pages
License/Permit/Registry Number <i>(If any)</i> 548011079C03071	Expiration Date 3/1/2019	Date(s) or Period of Inspection 12/21/2015 through 12/21/2016				

### 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 accurately and timely record dispositions of firearms to individuals in the A&D book. On <sup>(b) (3)</sup> instances the licensee transferred firearms to an individual and did not log the firearm out in the A&D book. (A&D Sale Log <sup>(b) (3)</sup> - Public Law 112-55 (125 Stat. 552))

Or <sup>(b) (3)</sup> other instance, the licensee recorded a double entry- an entry in the sale A&D and the same firearm in the repair A&D and did not void the double entry. (Repair Log #74)

**Citation:** 27 CFR 478.123(d)

#### Date Corrections to be Made:

*(If not corrected immediately)*

**Corrective Action to be Taken:** Licensee is to update and correct the A&D book.

*(If not corrected immediately)*

**Number:** 4

#### Nature of Violation:

Failure of licensee to identify and mark a firearm they manufactured by engraving, casting, stamping, or otherwise placing their name as the manufacture and city and state where they manufacture and maintain place of business.

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

**Citation:** 27 CFR 478.92(a)(1)

#### Date Corrections to be Made:

*(If not corrected immediately)*

**Corrective Action to be Taken:** Licensee is to mark the firearm with their trade name and city and state.

*(If not corrected immediately)*



U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

Report of Violations

Instructions

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Name of Proprietor Velocity Manufacturing Company, LLC VMC Velocity Tactics and Fort Scott Munitions	Street Address 523 Wall St.	City Fort Scott	State KS	Zip Code 66701-	County BOURBON	Page 3 of 3 Pages
License/Permit/Registry Number (If any) 548011079C03071		Expiration Date 3/1/2019		Date(s) or Period of Inspection 12/21/2015 through 12/21/2016		

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 of licensee to accurately identify and record a valid identification document of the transferee on the ATF F 4473.  
  
On instance the licensee accepted an expired driver's license. And on other instances the licensee did not obtain government issued supplemental identification when the address on the identification document did not match the address recorded in box 2 of the ATF F 4473. (4473 (b)(3) - Public Law 112-88 (125 Stat. 2855))

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)

Licensee is to ensure that a valid identification document of the transferee is accurately and entirely completed prior to the transfer of a firearm.

Number: 6

Nature of Violation:  
Failure to conduct a NICS check on the transferee prior to the transfer of a firearm. On 1 instance, the licensee accepted an expired Kansas Conceal Carry Permit in lieu of a NICS check. However, the conceal carry permit was not valid as it was expired. (4473 #140)

Citation: 27 CFR 478.102(a)

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

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

Licensee is to ensure NICS is contacted for every transaction to an individual. The only exception is if the individual has a qualifying and valid state permit.

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

Date

Signature and Title of ATF Officer

Date

October 9 2018 Document Production

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For Official Use Only

ATF E-Form 5030 5  
Revised April 2005



U.S. Department of Justice

Bureau of Alcohol, Tobacco,  
Firearms and Explosives

Kansas City Field Division – KC III (Regulatory)

1251 NW Briarcliff Pkwy, Ste 600  
Kansas City, MO 64116  
www.atf.gov

February 16, 2017

779025-  
5373

(b) (6)

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Velocity Manufacturing Company, LLC  
Dba VMC Velocity Tactics and Fort Scott Munitions  
Attn: Mr. Ryan Kraft  
Attn: Mr. Robert Forester  
Attn: Mr. Steven Kalm  
523 E. Wall St.  
Fort Scott, KS 66701

RE: 5-48-011-07-9C-03071

Dear Sirs:

This letter summarizes the issues discussed with Mr. I compliance inspection conducted on December 21-22 Company's (hereinafter Velocity) Federal firearms lic December 21, 2015 through December 21, 2016. Dur violations of Title 27, Code of Federal Regulations, P Form 5030.5 issued at the time of the inspection is enc

All violations were fully ex  
Explosives (ATF) Investiga  
of the firearms laws and reg  
take action to prevent future

The records your company i  
continuing efforts to reduce  
comply with all Federal law  
firearms manufacturer. This  
ensure that criminals do not  
industry members make in th  
regard.

SENDER: COMPLETE THIS SECTION

- 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 mailpiece, or on the front if space permits.

1. Article Addressed to:

Velocity Manufacturing Company, LLC  
Dba VMC Velocity Tactics and Fort Scott Munitions  
Attn: Mr. Ryan Kraft  
Attn: Mr. Robert Forester  
Attn: Mr. Steven Kalm  
523 E. Wall St.  
Fort Scott, KS 66701

U.S. Postal Service™  
CERTIFIED MAIL™ RECEIPT  
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com

OFFICIAL USE

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$

Postmark  
Here

Sent To Velocity Manufacturing Company, LLC  
Dba VMC Velocity Tactics and Fort Scott Munitions  
Street, Apt. No.: Attn: Mr. Ryan Kraft  
or PO Box No. Attn: Mr. Robert Forester / Mr. Steven Kalm  
City, State, ZIP+4  
523 E. Wall St. Fort Scott, KS 66701  
PS Form 3800, August 2006 See Reverse for Instructions

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent  
☒ Addressee

B. Received by (Printed Name) C. Date of Delivery

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

3. Service Type  
☒ Certified Mail® ☐ Priority Mail Express™  
☐ Registered ☐ Return Receipt for Merchandise  
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes



U.S. Department of Justice

Bureau of Alcohol, Tobacco,  
Firearms and Explosives

Kansas City Field Division – KC III (Regulatory)

1251 NW Briarcliff Pkwy, Ste 600  
Kansas City, MO 64116  
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February 16, 2017

779025 (b) (6)  
5373

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Velocity Manufacturing Company, LLC  
Dba VMC Velocity Tactics and Fort Scott Munitions  
Attn: Mr. Ryan Kraft  
Attn: Mr. Robert Forester  
Attn: Mr. Steven Kalm  
523 E. Wall St.  
Fort Scott, KS 66701

RE: 5-48-011-07-9C-03071

Dear Sirs:

This letter summarizes the issues discussed with Mr. Forester and Mr. Kalm during the recent compliance inspection conducted on December 21-22, 2016, related to Velocity Manufacturing Company's (hereinafter Velocity) Federal firearms license. The inspection covered the period of December 21, 2015 through December 21, 2016. During the inspection, Velocity was 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 (b)(6). You indicated that you understood the requirements of the firearms laws and regulations. Additionally, you assured IOI (b)(6) that Velocity would take action to prevent future violations.

The records your company is required to maintain are important to law enforcement in our continuing efforts to reduce violent crime and protect the public. It is essential that Velocity comply with all Federal laws and regulations that govern its firearms activities as a licensed firearms manufacturer. This is critical to ATF 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 and we look forward to continuing to work with you in that regard.



Velocity Manufacturing Company, LLC  
Dba VMC Velocity Tactics and Fort Scott Munitions  
Attn: Mr. Ryan Kraft  
Attn: Mr. Robert Forester  
Attn: Mr. Steven Kalm  
Page 2

You are reminded that retention of Velocity's Federal firearms license is conditioned upon its 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 the license. Please contact Investigator (b)(6) or the ATF Kansas City Group III Office if you have any questions regarding this matter at (816) 410-6000.

(b)(6)

Area Supervisor  
Industry Operations (Kansas)  
Kansas City Group III (Regulatory)  
Kansas City Field Division

cc: National Licensing Center  
Director of Industry Operations



# FIREARMS INSPECTION REPORT

**Name:** Velocity Manufacturing Company LLC  
**Trade Name:** VMC, Velocity Tactics, Fort Scott Munitions  
**UI#:** 779025-2017-0080-B1B  
**FFL#:** 5-48-07-03071  
**Address:** 523 East Walnut St  
Fort Scott, KS 66701

## 1 - Introduction

### Inspection Profile:

On December 21st and 22nd of 2016, IO Investigators (b) (6) and (b) (6) conducted a compliance inspection for Type 07 licensee, Velocity Manufacturing Company, LLC. The company currently has three trade names listed in FLS: VMC, Velocity Tactics and Fort Scott Munitions. (See Exhibit #1)

Present at the inspection was company Office Manager, Steven Kalm and General Manager Robert Forester. No advance notice was given to prior to the inspection. The inspection period covered 12/21/2015 to 12/21/2016.

Investigator (b) (6) verified Kalm's identity with his (b) (6) License, (b) (6) expiration date: 9/15/2017. There were no significant findings in Etrace. There were no findings in NFORCE.

### Business Profile:

The business maintains a Type 07 Manufacturer of Firearms license (5-48-03071) and a Type 08 Importer of Firearms License (5-48-03173). The business is a storefront, industrial/ warehouse type building located in downtown Fort Scott, KS, inside the City Limits of Fort Scott, KS. The business has held this Type 07 license since 2013. See UI# 779025-2017-0328-B1B for the inspection of the Type 08 license. (See Exhibit #1 and #2)

Velocity Manufacturing Company, LLC's main business is the manufacturing of ammunition. Kalm stated that the company has a patented solid copper design on the ammunition it manufactures. He stated that the patent is for the design of the tip of the ammunition because it tumbles when it hits soft tissue. Kalm stated that the solid copper design is better because it is lead free and easy to machine. Approximately (b) (4) of the company's business is the manufacture and sale of ammunition. The company manufactures handgun and rifle caliber ammunition. They would like to expand into shot shells in the future. The other (b) (4) of the business is firearms and accessory sales.

The beginning of 2016 the company opened a storefront firearms shop, open to

## FIREARMS INSPECTION REPORT

**Name:** Velocity Manufacturing Company      **UI#:** 779025-2017-0080-B1B  
LLC  
**Trade Name:** VMC, Velocity Tactics, Fort Scott      **FFL#:** 5-48-07-03071  
Munitions

the public. They carry an inventory of approximately 400 firearms. Approximately (b) (4) of firearm sales are transfers for customers who purchased firearms online. Approximately (b) (4) is the special order of firearms. Kalm noted that the company's main suppliers are (b) (4) and gunbroker.com.

Kalm estimated that (b) (4) of the company's firearms business was handguns and (b) (4) long guns. Kalm stated that although the company does take used firearms in on trade, it is not very often. He estimated only (b) (4) of firearms were used and (b) (4) new. The company attends gun shows all over the United States, usually around 5 a year, but does not sell any firearms at gun shows. They use it as an opportunity to show case their ammunition. The company also conducts gunsmith activities. Kalm state that operations included basic cleanings and repairs, mounting scopes, making parts for older guns, threading barrels and replacing bolts. Kalm stated that they were aware in the difference between gunsmithing and manufacturing.

The company uses the Type 07- Manufacturing License to manufacture ammunition but also limited manufacturing of firearms. The company has built several receivers into AR type rifles. However, only a handful have been completed.

The licensee also pays the NFA SOT to manufacture and sell NFA firearms. The company has manufactured several rifles into machine guns. However, Kalm stated that they never intend on transferring nay of these firearms, it is all for R&D purposes of their ammunition. The company also sells suppressors to individuals.

In addition to manufacturing ammunition, the limited manufacturing of firearms, the NFA sales, firearms sales, and gunsmithing, the company also sells clothing, tactical gear and other firearms related merchandise such as holsters and other accessories.

The company has their own website, [www.velocitytactics.com](http://www.velocitytactics.com). They advertise via radio, TV, newspaper, Facebook and word of mouth.

Future plans still exist for the possibility of opening an indoor shooting range and developing their own line of firearms. However, there are no immediate plans.

The company obtained the Type 08- Importer of Firearms License because they thought there might be a shortage of materials needed to produce the ammunition

## FIREARMS INSPECTION REPORT

**Name:** Velocity Manufacturing Company      **UI#:** 779025-2017-0080-B1B  
LLC  
**Trade Name:** VMC, Velocity Tactics, Fort Scott      **FFL#:** 5-48-07-03071  
Munitions

they wanted to manufacture. They began looking outside of the United States for the materials and had identified sources in Europe and Asia. They obtained this license to be able to import these materials. However, the company has not had to import any materials needed to manufacture the ammunition as of yet. And therefore, has not used this license. All firearm activity has been conducted under the Type 07- Manufacturer of Firearms License (5-48-03071). However, the company still wanted to maintain the Type 08 license should they need to import materials in the future.

The license held is appropriate for the business. Licensee is in compliance with all state/local laws. There is no offsite storage of records or firearms.

### **Ownership and Control:**

Velocity Manufacturing Company, LLC is a Limited Liability Company formed in Kansas in 2012 and is properly listed with the State of Kansas. The company is currently in good standing with the Kansas Secretary of State. **(See Exhibit #3)**

Roger Kraft of Roger E. Kraft Living Trust was the owner and only member of the company, but Kraft recently formed WK Holding Company as the “parent company” of Velocity Manufacturing Company, LLC. Kraft is still the controlling owner of WK Holding Company, INC. Per conversation with ATF Area Supervisor (b) (6) the company should keep the same FFL number change of control was not shifted. **(See Exhibit #4)**

Current responsible persons on the license include, CEO/ owner Roger Kraft, President Ryan Kraft, Tester/ Developer Gary Buntain, and Manager Jesse Crum. However; there are multiple responsible persons that should be listed on the license that have not been added. In November of 2016, (b) (6) Compliance Coordinator emailed (b) (6) to add the following people as responsible persons to this Type 07 license; Office Employee (b) (6), Vice President Gregory Fess, General Manager Robert Forester, and Office Manager Steven Kalm. According to FLS, these people had yet to be added and should be added as responsible persons to the license. **(See Exhibit #1 and #5)**

There were no other responsible persons identified during the inspection. There was no hidden ownership detected. Day to day operations of the business are run by Ryan Kraft, Robert Forester, and Steven Kalm.

### **Variance:**

There are no variances held and none were requested.

# FIREARMS INSPECTION REPORT

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**UI#:** 779025-2017-0080-B1B  
**FFL#:** 5-48-07-03071

## 2 - Recommendation

Violations, WL Only, No Recall Inspection

## 3 - Inspection History

**Date and Type of Inspection:** January 2013, Application Inspection  
**UI#:** 779025-2013-0283-B1B  
**Inspection Results:** Application Approved  
**Violations:** None

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

The company keeps a handwritten A&D book. The A&D book meets the formatting requirements of 27 CFR 478.123. The company maintains (b)(3) separate A&D books. One for one for retail sale of firearms and one for repair firearms. Both books meet format requirements.

There were (b)(3) open entries in the A&D, but (b)(3) firearms in inventory. There were (b)(3) inventory discrepancies.

Licensee failed to accurately and timely record the acquisition of firearms in the A&D book. On (b)(3) instance the licensee took a firearm in for repair but did not record the firearm in the A&D book. (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) other instance the licensee manufactured a firearm receiver into a machine gun but did not log the firearm out to themselves for manufacture and then back in as an acquisition from themselves as now a machine gun. (b)(3) - 112 Public Law 55 125 Stat 552 (See Violation #1, Worksheets, and Exhibit #6)

Licensee failed to accurately and timely record dispositions of firearms to other FFLs in the A&D book. On (b)(3) instances the licensee transferred firearms to another FFL and did not log the firearm out in the A&D book. (A&D Sale Log (b)(3) - 112 Public Law 55 125 Stat 552 On (b)(3) other instance the licensee manufactured a firearm receiver into a machine gun but did not log the firearm out to themselves for manufacture and then back in as an acquisition from themselves as now a machine gun. (b)(3) - 112 Public Law 55 125 Stat 552 (See Violation #2, Worksheets, and Exhibit #6)

Licensee also failed to accurately and timely record dispositions of firearms to individuals in the A&D book. On (b)(3) instances the licensee transferred firearms to an individual and did not log the firearm out in the A&D book. (b)(3) - 112 Public Law 55 125 Stat 552,



## FIREARMS INSPECTION REPORT

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Repair Log #45 and #49) On <sup>(b)(3)</sup> other instance, the licensee recorded a double entry- an entry in the sale A&D and the same firearm in the repair A&D and did not void the double entry. (Repair Log #74) **(Violation #3, Worksheets, and Exhibit #6)**

A sample of ATF F 4473s (approximately 20) on file for the inspection period were traced through the licensee's records to the A&D book. There were no discrepancies found.

The business has acquired approximately <sup>(b)(4)</sup> (repair, retail and manufacture) and disposed of approximately <sup>(b)(4)</sup> firearms within the inspection period. All entries were timely and accurately entered.

Steven Kalm and Chris Carver are the main ones who log firearms in and out of the A&D book. They try to have a second person review all entries. Kalm noted that the company normally takes a quarterly inventory. The business has a surveillance system with camera monitoring.

There were no reports of thefts or losses for the past year. There were no trafficking issues found while reviewing the A&D book. Also, there were no firearms with obliterated serial numbers or illegal firearms found.

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

There were <sup>(b)(3)</sup> ATF Form 4473's on file for the inspection period. ATF F 4473s are kept numerically by transaction serial number.

While reviewing ATF F 4473s, Investigators found that the licensee failed to accurately identify and record a valid identification document of the transferee on the ATF F 4473. On <sup>(b)(3)</sup> instance the licensee accepted an expired driver's license. And on <sup>(b)(3)</sup> other instances the licensee did not obtain government issued supplemental identification when the address on the identification document did not match the address recorded in box 2 of the ATF F 4473. (4473 <sup>(b)(3) - 112 Public Law 55 125 Stat 552</sup>) **(See Violation #5, Worksheets, and Exhibit #7)**

Investigators also found that the licensee failed to conduct a NICS check on the transferee prior to the transfer of a firearm. On <sup>(b)(3)</sup> instance, the licensee accepted an expired Kansas Conceal Carry Permit in lieu of a NICS check. However, the conceal carry permit was not valid as it was expired. <sup>(b)(3) - 112 Public Law 55 125 Stat 552</sup> **(See Violation #6, Worksheets, and Exhibit #8)**

All employees complete the 4473s and NICS checks. However, Kalm stated that they

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LLC  
**Trade Name:** VMC, Velocity Tactics, Fort Scott      **FFL#:** 5-48-07-03071  
Munitions

try to always have a second person review the form before the firearm leaves the store.

There were no transfers to law enforcement for official duty. FFLs were on file for transfers to other FFLs. There were [REDACTED] NTN's on the ATF FFL Audit Log compared to ATF F 4473s for the inspection period. There were no discrepancies. There were no denied transactions for the inspection period on the FFL Audit Log. However, there was one denied form on file. **(See Exhibit #9)**

### **6 – Multiple Sales**

Per VCAB, there was [REDACTED] multiple sale reported for the inspection period. The form was on file in the licensee's records. There were no unreported multiple sales. **(See Exhibit #10)**

### **7 – Suspicious/Prohibited Purchasers**

There were no suspicious/ prohibited purchasers found for the inspection period.

### **8 – Trace Activity**

Per VCAB, there were no trace requests for the inspection period. There were no other NCIC/ TECS checks completed. **(See Exhibit #10)**

### **9 - NFA/Importer/Collector/Manufacturer**

The company obtained the manufacturer of firearms license with the main intent to manufacture of ammunition. The company has a patented sold copper design on the ammunition it manufactures. Approximately (b) (4) of the company's business is the manufacture and sale of ammunition. The company manufactures handgun and rifle caliber ammunition. Investigator (b) (6) asked if the company manufactured armor piercing ammunition. Forester stated that they did not.

The company uses the Type 07- Manufacturing License to manufacture ammunition but also limited manufacturing of firearms. The company has built several receivers into AR type rifles. However, only a handful have been completed. When the licensee manufactures a firearm, they receive a completed receiver and log it in their A&D book from the supplier. They then log the firearm out to themselves, and log it back in on the next available entry as what the firearm has been manufactured into, receiving it from themselves. All recordkeeping was correct.

The company has been submitting the Annual Firearms Manufacturing and Exportation

## FIREARMS INSPECTION REPORT

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Report every April. There were no discrepancies found while reviewing this report to the licensee's records. (See Exhibit #11)

The licensee also pays the NFA SOT to manufacture and sell NFA firearms. The company has manufactured several rifles into machine guns. However, Kalm stated that they never intend on transferring any of these firearms, it is all for R&D purposes of their ammunition. The company also sells suppressors to individuals. Investigators compared all NFA firearms in inventory to the ATF NFA registry. There were no discrepancies. The company is keeping all ATF F 2's, 3's, and 4's on file for all NFA firearms. (See Exhibit #12)

There were several manufactured firearms in inventory. Most of those firearms were appropriately marked with the company's name, city and state. However, there was one firearm that the licensee manufactured a firearm receiver into a machine gun and did not mark the firearm with the company's trade name and city and state. (b)(3) - 112 Public Law 55 125 Stat 552  
██████████ Licensee immediately marked the firearm with the required markings. (See Violation #4)

Investigator (b) (6) discussed with Forester and Kalm the company's obligation to contact Tax and Trade Bureau for excise tax that may be required and his obligation to contact the Department of Defense and Trade Control to see about possible registration requirements. Forester stated that they had already been in contact and that they do pay excise tax on all ammunition and they are registered with the DDTC and have the appropriate ITAR. (See Exhibit #13)

Although the company has the Type 08- Importer of Firearms license (5-48-03173), they have not used it. They have not imported any firearms, firearm parts, or ammunition parts. See UI# 779025-2017-0323-B1B for that report.

### 10 - Referrals

There were no referrals made.

### 11 - Other

Licensee had the Youth Handgun Safety Act Poster and their FFL posted. Licensee does not sell exploding targets.

The licensee also holds a Type 20- Manufacturer of Explosives License, 5-KS-20-00910. See UI# 779025-2017-0101-B2A for that inspection report.

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## **12 - Closing Actions**

On January 5, 2017, Investigators (b) (6) met with and reviewed regulations with Velocity Manufacturing Company, LLC Office Manager Steven Kalm, General Manager, Robert Forester, President Ryan Kraft, Compliance Officer Daniel French and Manager Christopher Carver for the closing conference. Record keeping regulations and requirements were reviewed, and the following documents were discussed:

1. ATF F 4473
2. Nonimmigrant Aliens Guidelines
3. NICS E-Check
4. NICS Appeal
5. NICS Voluntary Appeal File
6. FFL Record Keeping
7. Acquisition & Disposition Format
8. Open Letter to FFL's, re: EZ Check
9. Newsletter, re: Computerized Records
10. Customer Service Information
11. Theft/Loss Report
12. Multiple Sales
13. Phone Numbers
14. Safety and Security Information for FFLs
15. Child Safety Lock Act of 2005
16. Manufacturing Recordkeeping
17. Manufacturing Markings

Forester indicated an understanding of the Gun Control Act's (GCA) recordkeeping and business conduct requirements. Forester completed and signed the Acknowledgement of Federal Firearms Regulations. Investigator (b) (6) informed Forester that regulations and other ATF publications could be found online at [www.atf.gov](http://www.atf.gov). (See Exhibit #14)

## **13 - Violations**

1. **27 CFR 478.123(a)**

**Nature of Violation:** Failure to accurately and timely record the acquisition of firearms in the A&D book. On (b)(3) instance the licensee took a firearm in for repair but did not record the firearm in the A&D book. (b)(3) - 112 Public Law 55 125 Stat 552)

On (b)(3) other instance the licensee manufactured a firearm receiver into a machine gun but did not log the firearm out to themselves for manufacture and then back in as an



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acquisition from themselves as now a machine gun. (Century Arms to VMC, SN  
(b) (6)

**Corrective Action:** Licensee is to update and correct the A&D book.

**Licensee's Response:** Licensee stated that the repair firearm was an employee's firearm and they didn't realize they had to log employee firearms in the A&D book.

Licensee stated that the firearm they manufactured into a machine gun must have slipped by them because they have correctly recorded other firearms they have manufactured. They stated that it was an old employee that was keeping records then.

### 2. 27 CFR 478.123(b)

**Nature of Violation:** Failure to accurately and timely record dispositions of firearms to other FFLs in the A&D book. On (b)(3) instances the licensee transferred firearms to another FFL and did not log the firearm out in the A&D book. (b)(3) - 112 Public Law 55 125 Stat 552

On (b)(3) other instance the licensee manufactured a firearm receiver into a machine gun but did not log the firearm out to themselves for manufacture and then back in as an acquisition from themselves as now a machine gun. (b)(3) - 112 Public Law 55 125 Stat 552

**Corrective Action:** Licensee is to update and correct the A&D book.

**Licensee's Response:** Licensee didn't know why these had not been logged out. They stated that they take an inventory but they do it to their computer system and not the A&D book. They stated from now on they will take the inventory to their A&D book so these errors would be caught.

### 3. 27 CFR 478.124(d)

**Nature of Violation:** Failure to accurately and timely record dispositions of firearms to individuals in the A&D book. On (b)(3) instances the licensee transferred firearms to an individual and did not log the firearm out in the A&D book. (b)(3) - 112 Public Law 55 125 Stat 552

On (b)(3) other instance, the licensee recorded a double entry- an entry in the sale A&D and the same firearm in the repair A&D and did not void the double entry. (b)(3) - 112 Public Law 55 125 Stat 552

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**Corrective Action:** Licensee is to update and correct the A&D book.

**Licensee's Response:** Licensee again didn't know why these had not been logged out. They stated that they take an inventory but they do it to their computer system and not the A&D book. They stated from now on they will take the inventory to their A&D book so these errors would be caught.

4. **27 CFR 478.92(a)(1)**

**Nature of Violation:** Failure of licensee to identify and mark a firearm they manufactured by engraving, casting, stamping, or otherwise placing their name as the manufacture and city and state where they manufacture and maintain place of business.

On <sup>(b)(3)</sup> instance the licensee manufactured a firearm receiver into a machine gun and did not mark the firearm with the company's trade name and city and state. <sup>(b)(3) - 112 Public Law 55 125 Stat 552</sup>

**Corrective Action:** Licensee is to mark the firearm with their trade name and city and state.

**Licensee's Response:** Licensee stated that they did not know why this firearm did not get marked and that they have marked all other firearms that they have manufactured. Licensee stated that it was a different person in charge when this firearm was manufactured.

5. **27 CFR 478.124(c)(3)(i)**

**Nature of Violation:** Failure of licensee to accurately identify and record a valid identification document of the transferee on the ATF F 4473.

On <sup>(b)(3)</sup> instance the licensee accepted an expired driver's license. And on <sup>(b)(3)</sup> other instances the licensee did not obtain government issued supplemental identification when the address on the identification document did not match the address recorded in box <sup>(b)(3)</sup> of the ATF F 4473. <sup>(b)(3) - 112 Public Law 55 125 Stat 552</sup>

**Corrective Action:** Licensee is to ensure that a valid identification document of the transferee is accurately and entirely completed prior to the transfer of a firearm.

**Licensee's Response:** Licensee stated that they always make sure that the identification document is valid but were confused on acceptable supplemental identification.

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6.      **27 CFR 478.102(a)**

**Nature of Violation:** Failure to conduct a NICS check on the transferee prior to the transfer of a firearm. On (b)(3) instance, the licensee accepted an expired Kansas Conceal Carry Permit in lieu of a NICS check. However, the conceal carry permit was not valid as it was expired. (b)(3)- 112 Public Law 55 125).

**Corrective Action:** Licensee is to ensure NICS is contacted for every transaction to an individual. The only exception is if the individual has a qualifying and valid state permit.

**Licensee's Response:** Licensee was shocked that they had accepted the conceal carry and stated that they knew better.

X

(b) (6)

Industry Operations Investigator

### Index of Worksheets and Exhibits

Exhibit 1- FLS Printout  
Exhibit 2- FLS Type 08  
Exhibit 3- KS Secretary of State  
Exhibit 4- KS SEC State WK Holding  
Exhibit 5- Letter adding RPS  
Exhibit 6- A&D Violation pics  
Exhibit 7- Violation #5 pics  
Exhibit 8- Violation #6 pics  
Exhibit 9- FFL Audit Log  
Exhibit 10- VCAB  
Exhibit 11- AFMER

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Exhibit 12- NFA Inventory

Exhibit 13- ITAR

Exhibit 14- Acknowledgement of Federal Firearms Regulations