

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) ✓ JM CUSTOM PROTECTION SERVICES LLC NOVA FIREARMS 1389 CHAIN BRIDGE RD MCLEAN, VA 22101, FAIRFAX		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 768075-2016-0074-B1B		
FFLC 8/9/2016		3. PERMIT/LICENSE NUMBER 154059017D14746	4a. TARGET DATE 1/22/2016	4b. TARGET HOURS
		5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		
6. ATF OFFICER(S) ASSIGNED (b)(6) - Lead Investigator				
7. ASSIGNED BY (SIGNATURE, TITLE AND DATE) (b)(6), Area Supervisor, 12/18/2015				
8. PURPOSE/SPECIAL INSTRUCTIONS Conduct full compliance; follow-up theft/loss.				
9. INSPECTION RESULTS <input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC				
NO. OF VIOLATIONS		10	NO. OF REFERRALS	1
NO. OF TECS CHECKS		30	NO. OF TECS HITS	
NO. OF TAX ADJUSTMENTS		\$ VALUE OF TAX INCREASES		2111 - PER DIEM
		\$ VALUE OF TAX DECREASES		2112 - P.O.A.
NO. OF ASSESSMENTS		\$ VALUE OF ASSESSMENTS		2113 - COMM. AIR
NO. OF CLAIMS		\$ VALUE OF CLAIMS		2114 - RENTAL CAR
NO. OF TAX PERIODS		\$ VALUE OF TAXES VERIFIED		2115 - GPV EXPENSES
				2116 - MISC.
				TOTAL \$ FOR INSP.
11. ATF OFFICER'S RECOMMENDATION Submitted by (b)(6) - Industry Operations Investigator Sub on 07/26/2016 IOI (b)(6) recommends that the licensee received a Warning Letter in lieu of attending a Warning Conference for failing to report (b)(3) multiple sale reports. During the previous twelve months, the FFL successfully reported (b)(3) - Public Law 112-55 multiple sales involving (b)(3) - P handguns. Of (b)(3) - Pub multiple sales completed over the past twelve months, the FFL successfully reported 92% of these qualifying transactions. This is also the licensee's first compliance inspection. Violts WL ONLY and No Recall Inspection				
12. TIME ACCOUNTING DATA				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
DEC 2015		22.00		
JAN 2016		33.50		
FEB 2016		28.50		
MAR 2016		2.00		
APR 2016		2.00		
MAY 2016		3.50		
JUN 2016		4.00		
JUL 2016		11.50		
ATF OFFICER'S SUBTOTAL		107.00		ATF OFFICER'S SIGNATURE
TOTAL HOURS		107.00		

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13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

Viols WL ONLY and No Recall Inspection

☒ REVIEWED

☒ CONCUR

☐ SEE COMMENTS

☒ FINAL DISPOSITION

SIGNATURE AND TITLE

MFFRONCZA2 - Director of Industry Operations

REVIEW DATE

08/08/2016

REVIEW COMMENTS AND RECOMMENDATION

Viols ROV ONLY No Recall Inspection

☒ REVIEWED

☒ CONCUR

☒ SEE COMMENTS

☐ FINAL DISPOSITION

SIGNATURE AND TITLE

(b)(6) - Area Supervisor

(b)(6)

REVIEW DATE

08/09/2016

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 JM CUSTOM PROTECTION SERVICES LLC NOVA FIREARMS	Street Address 1389 CHAIN BRIDGE RD	City MCLEAN	State VA	Zip Code 22101-	County FAIRFAX	Page 1 of 6 Pages
License/Permit/Registry Number <i>(If any)</i> 154059017D14746		Expiration Date 4/1/2017		Date(s) or Period of Inspection 12/17/2015 through 12/21/2015		

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:

CERTAIN PROHIBITED SALES OR DELIVERIES

Licensee sold or delivered a long gun to an out-of-state resident where the delivery of the long gun fails to comply with the State laws of the purchasers state of residence. (b)(3) 112 Public Law 55 125 STAT 562 (b)(6)

Citation: 27 CFR 478.99(a)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Licensee will not sell or deliver a rifle or shotgun to out-of-state residents when such delivery does not fully comply with the legal conditions of sale in both such States.

Number: 2

Nature of Violation:

CERTAIN PROHIBITED SALES OR DELIVERIES

Licensee transferred firearms to a purchaser who provided a "Yes" responses to questions 11b and 11i (b)(3) 112 Public Law 55 125 STAT 562 (b)(6); 11f (b)(3) 112 Public Law 55 125 STAT 562 (b)(6); 11b, 11c and 11g (b)(3) 112 Public L

Citation: 27 CFR 478.99(c)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Licensee will not transfer a firearm to a purchaser, having reasonable cause to believe that such person is prohibited.

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

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License/Permit/Registry Number (If any) 154059017D14746	Expiration Date 4/1/2017	Date(s) or Period of Inspection 12/17/2015 through 12/21/2015
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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: 3

Nature of Violation:
ATF FORM 4473

1. Licensee failed to ensure purchaser complete or provide an accurate response to question #2 on (b)(3) (1)(2) Pub instances.

2. Licensee failed to ensure purchaser provide responses to certification questions on (b)(3) (1)(2) Pub instances.

3. Licensee failed to ensure purchaser complete or provide an accurate response to question #17 on (b)(3) (1)(2) Pub instances.

4. Licensee failed to ensure purchaser complete or provide an accurate response to question #13 on (b)(3) (1)(2) Pub instances.

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)

1-4. Licensee will ensure purchasers provide accurate responses within Section A of the ATF Form 4473.

March 11 2019 Document Production

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ATF E-Form 5030 5
Revised April 2005

Report of Violations

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License/Permit/Registry Number <i>(If any)</i> 154059017D14746		Expiration Date 4/1/2017		Date(s) or Period of Inspection 12/17/2015 through 12/21/2015		

Inspection Results

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

Number: 4	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: ATF FORM 4473	Corrective Action to be Taken: <i>(If not corrected immediately)</i>
Licensee failed to properly document the purchaser's identification within question 20a and 20b on (b)(3)(1)(2)(3) instances.	Licensee will properly document the purchaser's identification within 20a and 20b.
Citation: 27 CFR 478.124(c)(3)(i)	
Number: 5	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: ATF FORM 4473 - NICS	Corrective Action to be Taken: <i>(If not corrected immediately)</i>
Licensee failed to properly document the NICS transaction within questions 21a-21d on (b)(3)(1)(2)(3)(iv) instances.	Licensee will ensure that the NICS transaction is properly recorded within the ATF Forms 4473.
Citation: 27 CFR 478.124(c)(3)(iv)	

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License/Permit/Registry Number <i>(If any)</i> 154059017D14746		Expiration Date 4/1/2017		Date(s) or Period of Inspection 12/17/2015 through 12/21/2015		

Inspection Results

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

Number: 6	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: ATF FORM 4473 - FIREARM DESCRIPTION	Corrective Action to be Taken: <i>(If not corrected immediately)</i>
Licensee failed to document the firearm model and caliber on (b)(3) 112 F00 instance.	Licensee will properly record firearm information within section D of the ATF Form 4473.
Citation: 27 CFR 478.124(c)(4)	
Number: 7	Date Corrections to be Made: <i>(If not corrected immediately)</i>
Nature of Violation: ATF FORM 4473	Corrective Action to be Taken: <i>(If not corrected immediately)</i>
Licensee failed to accurately document the "Date Transferred" on question 36 on (b)(3) 112 F00 instances.	Licensee will ensure that the firearm transfer date is accurately recorded.
Citation: 27 CFR 478.124(c)(5)	

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License/Permit/Registry Number <i>(If any)</i> 154059017D14746		Expiration Date 4/1/2017		Date(s) or Period of Inspection 12/17/2015 through 12/21/2015		

Inspection Results

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

Number: 8

Nature of Violation:

ATF FORM 4473

1. Licensee transferred a firearm to a purchaser who provided a "No" response to question 11a on (b)(3) 112 F-00 instances.
2. Licensee failed to document the type of firearm on question 18 of the ATF F 4473 on (b)(3) 112 F-00 instance.
3. Licensee failed to ensure that the purchaser completed the re-certification on questions 24 and 25 on (b)(3) 112 F-00 instance.
4. Licensee failed to document the "Transferor's/Seller's Title" on (b)(3) 112 F-00 instance.

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

1. Licensee will not transfer a firearm to a purchaser who provided a "No" response to question 11a.
2. Licensee will properly complete the ATF Forms 4473.
3. Licensee will ensure that the purchaser complete questions 24 and 25 when the firearm transfer takes place on a different day from the date that the transferree (buyer) signed Section A.
4. Licensee will properly complete the ATF Forms 4473.

Citation: 27 CFR 478.21(a)

U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

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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: 9

Nature of Violation:
ACQUISITION AND DISPOSITION BY DEALERS

1. Licensee failed to enter within the A&D record the acquisition information for (b)(3) 112 F-000 firearms.

2. Licensee failed to enter within the A&D record the disposition information for (b)(3) 112 F-000 firearms.

3. Licensee recorded the incorrect serial number on (b)(3) 112 F-000 instances.

Citation: 27 CFR 478.125(e)

Date Corrections to be Made: 02/22/2016
(If not corrected immediately)

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

1-2. Licensee utilized invoices and ATF Forms 4473 to reconcile the A&D records. Licensee will ensure that each firearm's acquisition and disposition information are entered within the A&D records as required.

3. Licensee will ensure that all information is accurately recorded within A&D records.

Number: 10

Nature of Violation:
REPORT OF MULTIPLE HANDGUN SALES

Licensee failed to report (b)(3) 112 F-000 multiple handgun sales involving (b)(3) handguns.

Citation: 27 CFR 478.126a

Date Corrections to be Made: 02/22/2016
(If not corrected immediately)

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

Licensee will complete and submit the ATF Forms 3310.4.

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

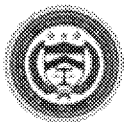
Date

Signature and Title of ATF Officer
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Date

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Revised April 2005



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Washington Field Division

www.atf.gov

August 11, 2016

768075: (b)(6)
5300

CERTIFIED MAIL -RETURN RECEIPT REQUESTED

JM Custom Protection Services LLC
NOVA Firearms
1389 Chain Bridge Road
McLean, VA 22101

RE: 1-54-059-01-7D-14746

Dear: Mr. James B. Gates,

During a recent inspection at your firearms business, covering the period December 18, 2014 to December 18, 2015, you were cited for ten (10) 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.

The violations were fully explained to you and your designated responsible person by Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Industry Operations Investigator (b)(6). 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 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.

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.

JM Custom Protection Services LLC

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

Sincerely yours,

(b)(6)

Area Supervisor

Enclosure

c: Federal Firearms Licensing Center
Washington Field Division
Falls Church III (IO) Field Office

FIREARMS INSPECTION REPORT

Name: JM Custom Protection Services LLC
Trade Name: NOVA Firearms

UI#: 768075-2016-0074
FFL#: 1-54-059-01-7D-14746

Address: 1389 Chain Bridge Road, McLean, VA 22101 (Fairfax)

1 - Introduction

Inspection Profile:

On December 16, 2015, Area Supervisor (b)(6) advised Industry Operation Investigator (IOI) (b)(6) that on December 11, 2015, the Federal Firearms Licensee (FFL) reported a theft of (b)(3)(1)(2) pistols. IOI (b)(6) received the theft report provided by the National Tracing Center. (See Exhibit 2)

On December 17, 2015, IOI (b)(6) and AS (b)(6) visited the business premises and conducted a full scope firearms compliance inspection. During the inspection, IOI (b)(6) interviewed owner and Responsible Person James Baxter GATES, who was identified by his Virginia Driver's license ((b)(6) exp. 9/14/2021).

During this inspection, IOI (b)(6) received approval from DIO Mike Fronczak to limit the review the ATF Forms 4473, for completeness, executed by the licensee from July 1, 2015 through December 18, 2015, as opposed to each form for the past 12 months, per the IOI Manual, Chapter C, Section 69 (c)(1). The scope for reviewing forms for suspicious purchasers and A&D records review was from December 18, 2014 through December 18, 2015.

IOI (b)(6) and AS (b)(6) completed a full inventory and documented all discrepancies within applicable worksheets.

IOI (b)(6) did not provide advance notice. No other agencies participated in this inspection.

On January 22, 2016, IOI (b)(6) conducted a closing conference with Responsible Persons James GATES and Rachel DRESSER. During the closing conference, IOI (b)(6) reviewed A&D records to ensure corrections were completed and assisted with the completion and submission of reconciled ATF Forms 3310.4, Report of Multiple Handgun Sales.

Business Profile:

JM Custom Protection Services LLC received the Type 01, Dealer in Firearms license on March 25, 2014. JM Custom Protection Services, LLC conducts business as NOVA Firearms. The business has approximately 6 employees that work both full-time and part-time. The business premises is located in a

FIREARMS INSPECTION REPORT

Name: JM Custom Protection Services LLC
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commercial area located in McLean, VA and is authorized for retail sales. The licensee holds another Type 01 license (1-54-16015) located at 909 W. Broad Street, Falls Church, VA. Both GATES and DRESSER are also responsible persons on that license.

In addition to firearms, NOVA Firearms sells tactical gear, clothing, gloves, pepper spray and offers gunsmithing services and firearms safety/concealed carry classes.

According to acquisition and disposition records, the licensee acquired (b)(4) handguns, (b)(4) long guns and (b)(4) NFA firearms from December 18, 2014 through December 17, 2015. During that same period, the licensee disposed of (b)(4) handguns, (b)(4) long guns and (b)(4) NFA firearms. At the time of this inspection, the licensee had 492 firearms in inventory, of which 72 were registered NFA firearms.

Primary suppliers are (b) (4). The licensee also acquires a number of firearms from various FFLs for the purposes of internet transfers where customers have purchased online through www.gunbroker.com, www.gunsamerica.com and www.armslist.com. The licensee also advertises its products as well as the firearms in inventory on their website at www.novafirearms.com.

All firearms are stored onsite. Most new firearms are stored within glass display cases and long gun wall racks. The FFL also stores pending internet transfers and NFA transfers on the second floor. The second floor room also is used to conduct firearm safety and concealed carry classes. The company also stores NFA firearms in two large gun safes located on the 1st floor. Firearms received for repair are located within another room located on the second floor. The building has security cameras that are recorded to a hard drive. The location has front main entrance for customers and a rear entrance used by employees only.

The licensee also provides gunsmith and appraisal services.

Ownership and Control:

JM Custom Protection Services LLC registered with Virginia State Corporation Commission on April 30, 2013. According to SCC documents, both James GATES and Rachel DRESSER are the only members of the company. This information is accurately reflected in the Federal Licensing System (FLS).

Variance:

FIREARMS INSPECTION REPORT

Name: JM Custom Protection Services LLC
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The licensee holds a variance from 27 CFR 478.124 to maintain the ATF Firearms Transaction Records chronologically by month/year, then by the purchaser's last name. (See Exhibit 4)

During the review of ATF Forms 4473, IOI (b)(6) found that the licensee was in compliance with the record keeping variance.

2 - Recommendation

Violations, Warning Letter Only and No Recall Inspection.

IOI (b)(6) recommends that the licensee received a Warning Letter in lieu of attending a Warning Conference for failing to report (b)(3) multiple sale reports.

During the previous twelve months, the FFL successfully reported (b)(3) multiple sales involving (b)(3) handguns. Of the (b)(3) qualifying multiple sales conducted over the past twelve months, the FFL successfully reported 92% of these transactions.

This is also the licensee's first compliance inspection.

3 - Inspection History

Date of Inspection:	June 10, 2015
Type of Inspection:	Qualification Inspection
UI#:	768075-2015-0227
Inspection Results:	License Issued
Cited Violations:	None.

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

IOI (b)(6) reviewed the acquisition and disposition (A&D) record and found it to contain the proper format as required by 27 CFR 478.125(e). The licensee utilizes an electronic record keeping system that meets the requirements provided by ATF Ruling 2013-5. GATES initially provided an "Inventory Printout" that IOI (b)(6) utilized during the physical inventory. IOI (b)(6) documented a number of firearms not on this list as well as firearms on the list that were not located in inventory. This list as well as other firearms documented in inventory were compared to the official A&D record. Due to the size of the A&D record, GATES voluntarily provided an electronic copy of the A&D record on a USB drive. Following the review of the electronic record, IOI (b)(6) returned the USB drive to GATES.

FIREARMS INSPECTION REPORT

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IOI (b)(6) completed a 100% inventory, comparing all firearms in inventory to A&D records. IOI (b)(6) identified (b)(3) 112 open entries with 492 firearms in inventory. Please see the below table for additional information:

Open Entries	(b)(3) 112
Firearms in Inventory	492
Dispositions not Entered	(b)(3) 112 Public
Acquisitions not Entered	
Open Entries following Reconciliation	

IOI (b)(6) found that the licensee failed to enter dispositions following the transfer of a firearm on (b)(3) instances. The licensee also failed to enter the acquisition of firearm on (b)(3) instances. The licensee was cited for a violation of 27 CFR 478.125(e).
(See Violation #9 and Worksheet #1)

GATES said that employees conduct an audit while closed every Monday; however, he noticed problems with the previous software, E-Goss that was used. GATES said that on occasion acquisitions or dispositions were entered but they would find that if the firearm was previously recorded within the record, the system wouldn't accept a new acquisition. Due to these reoccurring problems, GATES recently acquired a new software program called AIMI eBook Software. GATES said he hasn't noticed any problems with the AIMI system. IOI (b)(6) advised GATES to ensure that all audits include a comparison to the actual A&D record and not an "inventory printout" that may not capture all the information. IOI (b)(6) also educated GATES and DRESSER on how to conduct an audit. GATES has incorporated a firearm tagging system where each firearm is marked within an inventory number that corresponds to its location within the A&D record. This number is also documented within corresponding ATF Fs 4473 once transferred.

IOI (b)(6) also reviewed the A&D record for accuracy, finding two entries with incorrect serial numbers.

GATES reconciled the A&D records utilizing commercial invoices, certified FFLs and ATF Forms 4473.

IOI (b)(6) also ensured that the licensee was maintaining a file of certified licenses. IOI (b)(6) compared this file to dispositions to other licensees and found no discrepancies. All firearms are stored onsite.

5 - ATF Forms 4473 – NICS & Other Dispositions

FIREARMS INSPECTION REPORT

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The FFL provided approximately (b)(3) ATF Forms 4473 during the inspection scope December 18, 2014 through December 17, 2015. Due to the large quantity of forms, IOI (b)(6) requested to limit the review of ATF Forms 4473 to the period, July 1, 2015 through December 18, 2015.

On December 21, 2015, DIO Mike Fronczak approved of the six month ATF Forms 4473 review period.

IOI (b)(6) and AS (b)(6) reviewed all ATF Forms 4473 executed by the FFL from July 1, 2015 through December 18, 2015. A total of (b)(3) firearms transaction forms were reviewed for completeness. Discrepancies were found on (b)(3) forms. These discrepancies included incorrect and omitted responses by both the purchaser and the seller.

IOI (b)(6) found that the licensee delivered a long gun, on (b)(3) instance, to an out-of-state resident where the delivery of the long gun fails to comply with the State laws of the purchaser's state of residence. (See Violation #1 and Worksheet #2) According to GATES, the firearm was actually received by the purchasers for an appraisal and returned to the customer. IOI (b)(6) confirmed that GATES' statement was supported by corresponding acquisition and disposition records.

IOI (b)(6) found that the licensee transferred firearms to a purchasers who provided "Yes" responses to questions 11b and 11i (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)); 11f (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)); 11b, 11c and 11g (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)). (See Violation #2 and Worksheet #2) GATES said that he needs to have employees conduct a better review of forms prior to selling the gun. GATES said, "More than likely, those were busy days. Those responses blend in with the others." IOI (b)(6) advised GATES to ensure employees are reviewing all forms. GATES said that he normally has a second employee review the form prior to selling the gun and that his fiancé, DRESSER, also reviews the forms when completing the disposition records. IOI (b)(6) recommended that he also review the ATF Forms 4473 during each audit.

IOI (b)(6) found the licensee failed to ensure purchaser complete or provide an accurate response to question #2 on (b)(3) instances. The licensee failed to ensure purchaser provide responses to certification questions on (b)(3) instances. The licensee failed to ensure purchaser complete or provide an accurate response to question #17 on (b)(3) instances. The licensee failed to ensure purchaser complete or provide an accurate response to question #13 on (b)(3) instances. (See Violation #3 and Worksheet #2) GATES said, "You see a date they provide and you think it's the right one." GATES said that everyone needs to spend more time reviewing the forms. GATES agreed to ensure that all sellers ask for a second review prior to selling the gun.

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IOI (b)(6) found the licensee failed to properly document the purchaser's identification within question 20a and 20b on (b)(6) instances. (See Violation #4 and Worksheet #2) GATES said that although the ID wasn't documented or written down correctly on the form, copies of the identification are attached to the form. IOI (b)(6) advised that the ATF Form 4473 must stand on its own.

IOI (b)(6) found the licensee failed to properly document the NICS transaction within questions 21a-21d on (b)(6) instances. (See Violation #5 and Worksheet #2) IOI (b)(6) verified that NICS was completed on the corresponding Virginia Firearms Transaction Form, SP-65. GATES said that he also attaches the VA SP-65 to the ATF Form 4473. IOI (b)(6) advised that the ATF Form 4473 must stand on its own.

IOI (b)(6) found the licensee failed to document the firearm model and caliber on (b)(6). (See Violation #6 and Worksheet #2) GATES said he wasn't sure what happened with that form and that the employee must have meant to come back to that and forgot.

IOI (b)(6) found the licensee failed to accurately document the "Date Transferred" on question 36 on (b)(6) instances. (See Violation #7 and Worksheet #2) GATES said that the purchaser had to re-certify on these occasions and that the seller initially completed 36 but then failed to change it after the re-certification.

IOI (b)(6) found the licensee transferred a firearm to a purchaser who provided a "No" response to question 11a on (b)(6) instances. The licensee failed to document the type of firearm on question 18 of the ATF F 4473 on (b)(6) instance. The licensee failed to ensure that the purchaser completed the re-certification on questions 24 and 25 on (b)(6) instance. The licensee failed to document the "Transferor's/Seller's Title" on (b)(6) instance. (See Violation #8 and Worksheet #2) GATES said that I assume those were overlooked or we got complacent with the forms. He added that we know our customers well and sometimes we get talking and don't come back to it. IOI (b)(6) advised that all sellers know the importance of completing the forms correctly.

Following the inspection, IOI (b)(6) queried each non-licensee (3) who received firearms after providing a "Yes" response in NCIC III and Wanted Persons with no prohibiting information found.

IOI (b)(6) received a 60-Day Audit Log detailing 566 transactions conducted from October 28, 2015 through December 20, 2015. IOI (b)(6) compared 442 approval number to the ATF Forms 4473 completed from November 17, 2015 to December 20, 2015. No discrepancies were found.

GATES said that he has always advised employees to review the forms prior to selling the gun. He added that either he or DRESSER also review the form again for multiple

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sales and accuracy when entering the dispositions after closing. GATES said that employees conduct an audit of the guns every Monday. GATES said they would start reviewing the forms monthly as well.

6 - Multiple Sales

According to the FFL history provided by the Violent Crime Analysis Branch, the FFL had not reported multiple handgun sales during the previous three (3) years. IOI (b)(6) found that the licensee failed to report (b)(6) multiple handgun sales involving (b)(6) handguns.

GATES said that he has been training a new manager over the last month and that it was his responsibility to report the multiples. He said he probably put those down and never got back to it. During the closing conference, GATES completed and submitted the ATF Forms 3310.4 for all (b)(6) multiple handgun sales. (See Exhibit 3, Violation #10 and Worksheet #2)

7 - Suspicious/Prohibited Purchasers

During the inspection, IOI (b)(6) asked GATES if there had been any suspicious purchasers or customers that he had voluntarily denied. GATES said that he had one of his employees recently denied a customer who attempted to acquire three handguns that were purchased via the internet by another person. Please find additional information regarding this suspicious activity within Section 10 of this narrative.

IOI (b)(6) also reviewed the A&D records for suspicious purchasers based on the amount, frequency and type of firearms purchased. IOI (b)(6) identified a purchaser named (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

(b)(6) queried all firearms in NCIC and ETrace with no hits returned, other than associated multiple sales reported by this FFL.

IOI (b)(6) spoke with responsible person JB GATES regarding (b)(6). GATES said that he doesn't know a lot about (b)(6) outside the store and that he has purchased only (b)(6) firearm from the store. All other firearms were internet transfers where (b)(6) purchased them via Gunbroker.com. GATES said he believes (b)(6) collects old wheel guns. IOI (b)(6) found that (b)(3) of the (b)(3) firearms acquired by (b)(6) during the inspection period are (b)(3) 112 Public Law 55 125 Stat 552 or (b)(3) 112 F. GATES said that all of the purchases or interactions with (b)(6) have been normal and that all internet invoices or receipts have had (b)(6) name of them.

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

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traces or hits in NCIC.

8 - Trace Activity

On December 23, 2015, IOI (b)(6) received a response from the Violent Crime Analysis Branch which provided that the FFL had received (b)(3) traces during the previous twelve months, all of which were transactions that also occurred during this period. All requests were successfully completed to an individual purchaser (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

9 - NFA/Importer/Collector/Manufacturer

The licensee is also a Class 3, Dealer of NFA. Prior to the onsite inspection, IOI (b)(6) obtained the licensee's NFRTR that provided an inventory (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) firearms. All 72 firearms were located in inventory with no discrepancies found.

The FFL does not import or manufacture firearms.

10 - Referrals

Referral # (b)(3) 112 Public Law 55 125 Stat 552 (b)(6)

The suspected firearms trafficking information below was referred to RAC (b)(6) on January 1/14/2016.

On December 18, 2015, IOI (b)(6) received information from GATES relating to suspicious purchases.

(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6), (b)(7)(C)

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(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6), (b)(7)(C)



Following this referral, the Washington Group II (Firearms) opened an investigation. Additional information can be found under CE UI: 768050-16-0008.

11 - Other

GPS Coordinates: N 38.93529 W 077.17570

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12 - Closing Actions

On February 22, 2016, IOI (b)(6) held a closing conference with GATES and DRESSER. IOI (b)(6) reviewed the Acknowledgement of Federal Firearms Regulations. (See Exhibit 1) IOI (b)(6) also reviewed and issued the ATF Form 5030.5, Report of Violations. GATES and DRESSER provided responses to each violation that is documented within section 14 of this narrative. During the closing conference, IOI (b)(6) also reviewed the A&D records and ensured that the licensee properly reconciled the omitted acquisitions and dispositions. DRESSER also provided and submitted the (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) unreported multiple handguns sales. (See Exhibit 3)

IOI (b)(6) also provided the following reference material:

- ATF Fact Sheet: FFL Compliance Inspection (March 2012)
- ATF I 5300.2; Youth Handgun Safety Act Notice/Poster
- ATF Newsletter, November 2012
- ATF Newsletter, February 1999 (Consignment Sales)
- Updated list of local ATF offices and telephone numbers

13 - Violations

1. 27 CFR 478.99(a)

Nature of Violation:

Licensee sold or delivered a long gun to an out-of-state resident where the delivery of the long gun fails to comply with the State laws of the purchaser's state of residence.

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

Licensee's Response:

GATES said, "The long guns were brought in by (b)(6) for an appraisal that was part of an estate. I didn't think it was wrong to return the firearms to him."

Corrective Action:

Licensee will not sell or deliver a rifle or shotgun to out-of-state residents when such delivery does not fully comply with the legal conditions of sale in both such States. IOI (b)(6) verified within the A&D record that the long guns were acquired from Mr. (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) IOI (b)(6) advised that compliance with State law still applies to these dispositions.

See Worksheet #2

2. 27 CFR 478.99(c)

Nature of Violation:

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Licensee transferred firearms to a purchasers who provided a "Yes" responses to questions 11b and 11i (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)); 11f (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)); 11b, 11c and 11g (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)).

Licensee's Response:

GATES said, "More than likely, those were busy days. Those responses blend in with the others."

Corrective Action:

Licensee will not transfer a firearm to a purchaser, having reasonable cause to believe that such person is prohibited.

See Worksheet #2

3. **27 CFR 478.124(c)(1)**

Nature of Violation:

1. Licensee failed to ensure purchaser complete or provide an accurate response to question #2 on (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) instances.
2. Licensee failed to ensure purchaser provide responses to certification questions on (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) instances.
3. Licensee failed to ensure purchaser complete or provide an accurate response to question #17 on (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) instances.
4. Licensee failed to ensure purchaser complete or provide an accurate response to question #13 on (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) instances.

Licensee's Response:

1. GATES said, "When asked the purchaser indicated that they had accidentally written their old address. They would change it to what was on the ID they gave us."
2. GATES said, "We haven't been reviewing the forms, especially when were busy. We'll start having a second and third review."
3. GATES said, "You see a date they provide and you think it's the right one."
4. GATES said, "A good review would have found that."

Corrective Action:

1-4. Licensee will ensure purchasers provide accurate responses within Section A of the ATF Form 4473.

See Worksheet #2

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

Nature of Violation:

Licensee failed to properly document the purchaser's identification within question 20a and 20b on (b)(3) 112 Public Law instances.

Licensee's Response:

GATES said that although the ID wasn't documented or written down correctly on the form, copies of the identification are attached to the form. IOI (b)(6) advised that the ATF Form 4473 must stand on its own.

Corrective Action:

Licensee will properly document the purchaser's identification within 20a and 20b.

See Worksheet #2

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

Nature of Violation:

Licensee failed to properly document the NICS transaction within questions 21a-21d on (b)(3) 112 Public Law instances.

Licensee's Response:

IOI (b)(6) verified that NICS was completed on the corresponding Virginia Firearms Transaction Form, SP-65. GATES said that he also attaches the VA SP-65 to the ATF Form 4473. IOI (b)(6) advised that the ATF Form 4473 must stand on its own.

Corrective Action:

Licensee will ensure that the NICS transaction is properly recorded within the ATF Forms 4473.

See Worksheet #2

6. **27 CFR 478.124(c)(4)**

Nature of Violation:

Licensee failed to document the firearm model and caliber on (b)(3) 112 Public Law instance.

Licensee's Response:

GATES said he wasn't sure what happened with that form and that the employee must have meant to come back to that and forgot.

Corrective Action:

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Licensee will properly record firearm information within section D of the ATF Form 4473.

See Worksheet #2

7. **27 CFR 478.124(c)(5)**

Nature of Violation:

Licensee failed to accurately document the "Date Transferred" on question 36 on [REDACTED] instances.

Licensee's Response:

GATES said that the purchaser had to re-certify on these occasions and that the seller initially completed 36 but then failed to change it after the re-certification.

Corrective Action:

Licensee will ensure that the firearm transfer date is accurately recorded. IOI (b)(6) advised GATES to ensure that item 36 is not completed until the firearm transfer has occurred.

See Worksheet #2

8. **27 CFR 478.21(a)**

Nature of Violation:

1. Licensee transferred a firearm to a purchaser who provided a "No" response to question 11a on [REDACTED] instances.

2. Licensee failed to document the type of firearm on question 18 of the ATF F 4473 on [REDACTED] instance.

3. Licensee failed to ensure that the purchaser completed the re-certification on questions 24 and 25 on [REDACTED] instance.

4. Licensee failed to document the "Transferor's/Seller's Title" on [REDACTED] instance.

Licensee's Response:

1-4. GATES said that I assume those were overlooked or we got complacent with the forms. He added that we know our customers well and sometimes we get talking and don't come back to it. IOI (b)(6) advised that all sellers know the importance of completing the forms correctly.

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Corrective Action:

1. Licensee will not transfer a firearm to a purchaser who provided a "No" response to question 11a.
2. Licensee will properly complete the ATF Forms 4473.
3. Licensee will ensure that the purchaser complete questions 24 and 25 when the firearm transfer takes place on a different day from the date that the transferee (buyer) signed Section A.
4. Licensee will properly complete the ATF Forms 4473.

See Worksheet #2

9. **27 CFR 478.125(e)**

Nature of Violation:

1. Licensee failed to enter within the A&D record the acquisition information for [REDACTED] firearms.
2. Licensee failed to enter within the A&D record the disposition information for [REDACTED] firearms.
3. Licensee recorded the incorrect serial number on [REDACTED] instances.

Licensee's Response:

1-2. GATES said that employees conduct an audit while closed every Monday; however, he noticed problems with the previous software, E-Goss that was used. GATES said that on occasion acquisitions or dispositions were entered but they would find that if the firearm was previously recorded within the record, the system wouldn't accept a new acquisition. Due to these reoccurring problems, GATES recently acquired a new software program called AIMI eBook Software. GATES said he hasn't noticed any problems with the AIMI system. IOI (b)(6) advised GATES to ensure that all audits include a comparison to the actual A&D record and not an "inventory printout" that may not capture all the information. IOI (b)(6) also educated GATES and DRESSER on how to conduct an audit. GATES has incorporated a firearm tagging system where each firearm is marked within an inventory number that corresponds to its location within the A&D record. This number is also documented within corresponding ATF Fs 4473 once transferred.

Corrective Action:

- 1-2. Licensee utilized invoices and ATF Forms 4473 to reconcile the A&D records. Licensee will ensure that each firearm's acquisition and disposition information are entered within the A&D records as required.
3. Licensee will ensure that all information is accurately recorded within A&D records.

See Worksheet #1

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10. **27 CFR 478.126a**

Nature of Violation:

Licensee failed to report (b)(3) 112 Public Law multiple handgun sales involving (b)(3) handguns.

Licensee's Response:

GATES said that he has been training a new manager over the last month and that it was his (GATES) responsibility to report the multiples. GATES said he probably put those down and never got back to it.

Corrective Action:

Licensee will complete and submit the ATF Forms 3310.4.

See Worksheet #2 and Exhibit 3

X

Industry Operations Investigator

Index of Worksheets and Exhibits

Report of Violations

Worksheets

Exhibit 1 – Acknowledgement

Exhibit 2 – NTC Theft/Loss Report

Exhibit 3 – ATF F 4473 / Multiple Sale Reconciliation

Exhibit 4 – ATF Variance Approval