

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) DICK'S SPORTING GOODS, INC. DICK'S SPORTING GOODS, INC. (#188) 329 PITTSBURGH MILLS CIRCLE TARENTUM, PA 15084, ALLEGHENY		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) 766060-2016-0361-B1B		
		3. PERMIT/LICENSE NUMBER 825003017H01807	4a. TARGET DATE	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, 04/11/2016				
8. PURPOSE/SPECIAL INSTRUCTIONS Please conduct a full compliance DE Inspection. As part of this inspection, please search for a denied ATF Form 4473 for (b)(3) 112 Public Law 55 (b)(3) 112 Public Law 55 attempted to purchase a firearm from the licensee in February 2015 but was denied. PSP Detective (b)(6) is conducting a criminal investigation concerning (b)(3) 112 Public Law 55 and is in need of the denial paperwork (both State and Federal forms). Dick's Sporting Goods is stating that they cannot locate the forms. If this is the case, please issue the proper citation to Dick's (if applicable). Also as part of this inspection, please conduct the following activities: --Obtain a business profile --Explore ownership and control --Conduct a full physical inventory of the firearms on hand --Conduct a comprehensive review of ATF Form 4473s for the inspection period with a focus on potential suspicious purchasers --Ensure all Multiple Handgun Sales were completed and submitted properly --Conduct a Federal Firearms Regulations Review with a RP				
9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC		10. TRAVEL EXPENSES (OPTIONAL)
NO. OF VIOLATIONS	2	NO. OF REFERRALS	2	2111 - PER DIEM
NO. OF TECS CHECKS	4	NO. OF TECS HITS	1	2112 - P.O.A.
NO. OF TAX ADJUSTMENTS		\$ VALUE OF TAX INCREASES		2113 - COMM. AIR
		\$ VALUE OF TAX DECREASES		2114 - RENTAL CAR
NO. OF ASSESSMENTS		\$ VALUE OF ASSESSMENTS		2115 - GPV EXPENSES
NO. OF CLAIMS		\$ VALUE OF CLAIMS		2116 - MISC.
NO. OF TAX PERIODS		\$ VALUE OF TAXES VERIFIED		TOTAL \$ FOR INSP.
11. ATF OFFICER'S RECOMMENDATION Submitted by (b)(6) - Senior Investigator Submitted on: 06/03/2016 Violts WL ONLY and No Recall Inspection				
12. TIME ACCOUNTING DATA				
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)				
APR 2016	7.00			
MAY 2016	60.00			
JUN 2016	7.00			
ATF OFFICER'S SUBTOTAL	74.00	ATF OFFICER'S SIGNATURE		
TOTAL HOURS	74.00			

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13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION

UI# 766060-2016-0361-B1B
FFL# 8-25-01807

Licensee: Dick's Sporting Goods, Inc. dba Dick's Sporting Goods Inc. #188

Dates of Inspection: 05/10/2016-05/12/2016

Scope of Inspection: Full Compliance DE (Type 01 FFL)

Time Frame of Inspection: 05/01/2015-05/10/2016

Recommendation: Violations; ROV; WL Only; NO Recall

SIOI: (b)(6)

A/S Comments: From 05/10/2016-05/12/2016, SIOI (b)(6) conducted a DE Compliance Inspection at the licensed premises of Dick's Sporting Goods, Inc. dba Dick's Sporting Goods Inc. #188. Present for the inspection were Charles Miller, District Loss Prevention Manager/RP and Colin Titus, Store Manager/RP. The inspection was prompted by a phone call from PSP to Pittsburgh III IO advising that the licensee was unable to locate a denied ATF Form 4473 for (b)(3) 112 Public Law 55 125 STAT 552 (D), dated 02/11/2015. PSP advised that they were investigating (b)(3) 112 Public Law 55 125 STAT 552 (D), a prohibited individual, for attempting to unlawfully obtain firearms from area FFLs and were in need of a copy of the denied form for their investigation; however, the licensee was unable to locate said form. PSP requested Pittsburgh III IO to investigate the licensee's failure to retain the form.

Since the last Compliance Inspection conducted at the premises occurred in 2011, A/S (b)(6) issued a DE Compliance Inspection. During this inspection, SIOI (b)(6) conducted the following activities:

- Obtained a business profile. The licensee is part of a chain of retail stores that sells a wide range of sporting goods to include firearms, ammunition, and accessories. During the inspection period, the licensee acquired 900 firearms and disposed of 900 firearms.
- Explored ownership and control. SIOI (b)(6) confirmed that there has been NO changes in ownership and control. However, he did notify RP Miller that the RP information on file for this particular store location is outdated. RP Miller agreed to review this information with the corporate office.
- Conducted a full physical inventory of the firearms on hand (494) in conjunction with an A&D Records Review with NO discrepancies identified
- Conducted a review of all ATF Form 4473s for the inspection period (856) with NO deficient forms identified. However, even though the transaction for (b)(3) 112 Public Law 55 125 STAT 552 (D) occurred outside of the inspection period (02/11/2015), SIOI (b)(6) did cite the licensee for the following violation:

27 CFR 478.129(b) - (b)(3) 112 Public Law 55 125 STAT 552 (D) Instance: Licensee failed to retain the ATF Form 4473 for a proposed firearm transaction that was not completed for not less than 5 years (b)(3) 112 Public Law 55 125 STAT 552 (D).

-Determined that the licensee failed to report (b)(3) 112 Public Law 55 125 STAT 552 (D) multiple handgun sale involving (b)(3) 112 Public Law 55 125 STAT 552 (D) handguns. The following violation was cited:

27 CFR 478.126a - (b)(3) 112 Public Law 55 125 STAT 552 (D) Instance: Licensee failed to report the multiple sale or other disposition of pistols or revolvers to a non-licensee in (b)(3) 112 Public Law 55 125 STAT 552 (D) instance (b)(3) 112 Public Law 55 125 STAT 552 (D).

-Identified (b)(3) 112 Public Law 55 125 STAT 552 (D) suspicious purchasers and made the proper Referrals of Information to ATF Pittsburgh Criminal Enforcement Group I

- Determined that the licensee is not the subject of significant trace activity (b)(3) 112 Public Law 55 125 STAT 552 (D) in the last 12 months)
- Completed a Federal Firearms Regulations Review with RPs Miller and Titus. At the conclusion of the review, SIOI (b)(6), RP Miller, and RP Titus signed and dated the Acknowledgement of Federal Firearms Regulations.
- Issued a ROV citing the following two (2) violations:

- 1.) 27 CFR 478.129(b) - (b)(3) 112 Public Law 55 125 STAT 552 (D) Instance: Licensee failed to retain the ATF Form 4473 for a proposed firearm transaction that was not completed for not less than 5 years (b)(3) 112 Public Law 55 125 STAT 552 (D).
- 2.) 27 CFR 478.126a - (b)(3) 112 Public Law 55 125 STAT 552 (D) Instance: Licensee failed to report the multiple sale or other disposition of pistols or revolvers to a non-licensee in one instance (b)(3) 112 Public Law 55 125 STAT 552 (D).

A/S Recommendation: Violations; ROV; WL Only; NO Recall. Per the Adverse Action Policy, due to the (b)(3) 112 Public Law 55 125 STAT 552 (D) unreported multiple handgun sale, a Warning Letter is warranted. However, a Recall Inspection is NOT warranted for the following reasons:

- 1.) NO adverse compliance history. The licensee has been the subject of (b)(3) 112 Public Law 55 125 STAT 552 (D) previous Compliance Inspections with NO violations noted or cited.
- 2.) NO missing/unaccounted for firearms
- 3.) (b)(3) 112 Public Law 55 125 STAT 552 (D) trace activity (b)(3) 112 Public Law 55 125 STAT 552 (D) traces in the last 12 months)
- 4.) Strict Internal Controls in place for both inventory and ATF Forms 4473

**A WL will be issued via Certified Mail on 06/13/2016.

Violations ONLY and No Recall Inspection

Assignment and Report

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		3. PERMIT/LICENSE NUMBER 825003017H01807	4a. TARGET DATE 4b. TARGET HOURS
5. REQUESTED BY (SIGNATURE, TITLE AND DATE)			
SIGNATURE AND TITLE (b)(6) - Area Supervisor		REVIEW DATE 06/13/2016	

ROUTING SEQUENCE AND DATE

- ☐ 1. _____
- ☐ 2. _____
- ☐ 3. _____
- ☐ 4. _____

CONTROL FILE POSTED DATE _____



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives
1000 Library Avenue, Suite 1215
Pittsburgh, Pennsylvania 15222

www.atf.gov

June 13, 2016

766060: (b)(6)
5300

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
WARNING LETTER

Dick's Sporting Goods, Inc.
345 Court St.
Coraopolis, PA 15108
ATTN: Charles Miller, District Loss Prevention Manager and Responsible Person & Colin
Titus, Store Manager and Responsible Person

RE: Dick's Sporting Goods, Inc. #188
FFL# 8-25-003-01-7H-01807

Dear Mr. Miller and Mr. Titus:

During a recent Compliance Inspection at Dick's Sporting Goods, Inc. #188 in Tarentum, PA covering the period of May 1, 2015 through May 10, 2016, the store location was cited for violations of 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.

As a result of this Compliance Inspection, the store location was cited for the following two (2) violations:

- 1.) **27 CFR 478.129(b):** Licensee failed to retain the ATF Form 4473 for a proposed firearm transaction that was not completed for not less than five (5) years (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)).
- 2.) **27 CFR 478.126a:** Licensee failed to report the multiple sale or other disposition of pistols or revolvers to a non-licensee in (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)) instance (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)).

The violations were fully explained to you by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Senior Industry Operations Investigator, (b)(6). You indicated that

you understood the requirements of the Firearms Laws and Regulations. You further indicated that corrective actions would be taken to eliminate future violations.

Regarding the failure to retain the ATF Form 4473 for (b)(3) 112 Public Law 55 125 (Violation #1 referenced above), you both advised SIOI (b)(6) that it is unknown why the store location failed to retain said form. You provided the following possibilities:

- 1.) It was suggested an employee may have run a background check for (b)(3) 112 Public Law 55 1 as a favor to determine if he could pass a background check. It was noted this would be in violation of company policy and subject the employee to disciplinary action. It was also noted a former employee with knowledge of the licensee's PICS dealer and PIN numbers could have conducted such a check. This exposed a possible weakness, as the licensee does not regularly change the PICS PIN number, particularly when employees leave. Mr. Miller indicated the company would explore changing the PIN numbers on a regular basis.
- 2.) Mr. Titus suggested that an ATF Form 4473 may have been completed manually for this transaction and subsequently picked up by the local police (Frazer Township) after (b)(3) 112 Public Law 55 1 denial.

Regarding the violation concerning (b)(3) 112 Public Law 55 1 unreported Multiple Handgun Sale (Violation #2 referenced above), you immediately completed an ATF Form 3310.4 for the transaction in question. You indicated this unreported multiple sale was most likely an oversight or may have resulted from your electronic system failing to print the Multiple Handgun Sale Form. You advised that employees will be instructed on how to manually complete the Form in the event the electronic system fails. In addition, you advised that your company may consider adding an entry for multiple sales to the Firearm Sales Checklist.

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

You are reminded that retention of your Federal Firearms License is conditioned upon your compliance with Federal Laws and Regulations. Any future violations, repeat or otherwise, could be viewed as willful and may result in the revocation of your license. Please ensure that future compliance is achieved.

Should you have any questions regarding this matter, please contact the Pittsburgh Area Office at 412-395-0600.

Sincerely yours,

(b)(6)

Area Supervisor, Industry Operations
Pittsburgh III, Philadelphia Field Division

Enclosure

cc: National Licensing Center
Pittsburgh III Area Office

(b)(6) via E-Mail (b)(6)
(b)(6) via E-Mail (b)(6)

Report of Violations

Instructions

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

Name of Proprietor Dick's Sporting Goods, Inc. Dick's Sporting Goods #188	Street Address 329 Pittsburgh Mills Circle	City Tarentum	State PA	ZIP Code 15084	County Allegheny	Page <u>1</u> of <u>1</u> Pages
License/Permit/Registry Number (if any) 8-25-003-01-7H-01807		Expiration Date August 1, 2017	Date(s) or Period of Inspection May 10 - May 12, 2016			

Inspection Results

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

Number	USC or CFR Citation	Nature of Violation	Corrective Action to be Taken (If not corrected immediately)	Date Corrections to be Made (If not corrected immediately)
1	27 CFR 478.126a	License failed to report the multiple sale or other disposition of pistols or revolvers to a non-licensee in (b)(3) 112 Public Law 88 125 STAT 582 (b) instance (b)(3) 112 Public Law 88 125 STAT 582 (b)	ATF Form 3310.4 was completed and filed.	Immediate
2	27 CFR 478.129(b)	Licensee failed to retain the ATF Form 4473 for a proposed firearm transaction that was not completed for not less than 5 years (b)(3) 112 Public Law 88 125 STAT 582 (b)	Licensee will retain all ATF Forms 4473 for not less than 5 years for proposed transactions that are not completed.	Immediate

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

Signature and Title of ATF Officer

(b)(6)

SENIOR INVESTIGATOR

Date
5-12-2016

Date
5/12/2016
ATF E-Form 5030.5
Revised April 2005

Dick's Sporting Goods, Inc.
Dick's Sporting Goods #188
329 Pittsburgh Mills Circle
Tarentum, PA 15084

FFL #8-25-01807

UI #766060-2016-0361-B1B

1-Introduction

Inspection Profile

On May 10, 2016 ATF Senior Investigator (b) (6) initiated a firearms compliance inspection at the licensed premises. Persons interviewed during the inspection included Charles Miller – District Loss Prevention Manager; Colin Titus – Store Manager; (b)(6) Hard Lines Manager; and (b)(6) – Lodge Manager. The scope of the inspection primarily included firearms operations conducted during the prior 12 months. All onsite inspection activity was completed on May 12, 2016. No advance notice was provided to the licensee prior to this inspection.

In addition to the review of the firearms activities during the past 12 months, this inspection also included an attempt to locate an ATF Form 4473 for a firearm transaction that was initiated on February 11, 2015. PA State Police Trooper (b)(6) advised ATF Pittsburgh III (Exhibit 1) that on that date (b)(6) attempted to purchase a firearm and was denied by the Pennsylvania Instant Check System (PICS). During his investigation of (b)(6) was advised by personnel at Dick's Sporting Goods that they do not have a record of this transaction.

Business Profile

Dick's Sporting Goods, Inc. is a publicly traded company that operates over 600 retail sporting goods stores in 47 states. The stores offer a wide range of sporting goods, including firearms and accessories. In addition, the company has started the Field & Stream retail stores that cater more particularly to outdoor sporting (hunting, fishing, camping).

Store #188 is located at the Pittsburgh Mills Shopping Center, a suburban area located northeast of Pittsburgh, PA. In the past 12 months the store acquired and disposed of approximately (b) (4) firearms. Prior to 2014, Dick's Sporting Goods mainly sold long guns only. In the past two years they have started to offer handguns in the stores. All firearms are sold at retail; Dick's Sporting Goods does not conduct any wholesale operations. Firearms are shipped to a central warehouse from the suppliers (primarily manufacturers or importers), and are subsequently distributed to the retail locations. At Store #188 handguns accounted for approximately (b) (4) of the firearms sales in the past year. The licensee sells only new firearms; there are no purchases or sales of used firearms.

Dick's Sporting Goods, Inc. maintains a website (dickssportinggoods.com). Firearms can

be viewed at the website; however customers are advised through the site that firearm purchases are done only in stores. The company does not conduct business at gun shows. They hold ATF firearms licenses at each retail location and at the central warehouse. This location currently holds a PA License to Sell Firearms (#10489). Black powder is not sold at this store. There is no offsite storage of firearms for this location.

Ownership and Control

As previously noted, this licensee is a publicly traded company. There were not any unreported changes in ownership; hidden ownership is not suspected. A review of the Federal Licensing System database disclosed the responsible person information for this location is outdated. The listed store managers (b)(6) and hard lines manager (b)(6) are no longer in these positions or employed at this location. During the inspection Mr. Titus obtained fingerprint cards and photographs in order to be added as a responsible person for this store. He submitted the required information to the Dick's Sporting Goods corporate office for forwarding to the Federal Firearms Licensing Center. A check of FLS on June 1, 2016 confirmed Mr. Titus has been added as a responsible person. Of the persons interviewed during the inspection, it was determined that only Charles Miller was currently listed as a responsible person on a license within the Dick's Sporting Goods chain. Mr. Miller agreed to review other stores under his purview and make the required corrections.

Variance

The licensee is using both electronic A&D records and Electronic ATF Forms 4473. They were found to be in compliance with the provisions of ATF Rulings 2016-1 and 2016-2.

2-Recommendation

Violations; Warning Letter; No Recall

3-Inspection History

A review of the Area Office files disclosed the following inspection history for this location:

April 13, 2011 – Firearms Compliance Inspection

UI #766060-2011-0363-B1B

Inspection Results: No Violations; No Further Action; No Referrals

Cited Violations: None

October 1, 2008 – Firearms Compliance Inspection

UI #766060-2008-0414-B1B

Inspection Results: No Violations; No Further Action; No Referrals

Cited Violations: None

May 26, 2005 – Firearms Application Inspection

UI #766060-2005-0212-B1B

Inspection Results: Approve Original Application
Cited Violations: None

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

A 100% inventory verification was conducted. Store manager Colin Titus provided a listing of all firearms on hand according to the store's computerized A&D records. This was compared to the firearms in stock and no discrepancies were noted. At the time of the inspection there were 494 firearms in inventory.

The A&D records meet the requirements of ATF Ruling 2016-1. The A&D records contain all required information. They can be searched by purchaser name, address, and firearm serial number. If an error is found in the system, only the store manager has access to make a correction. If there are any corrections made, the system records the nature and reason for such correction.

The licensee did not submit any theft/loss reports during the inspection period. None were submitted as a result of this inspection. The A&D record is in the proper format and the entries appear to be made in a timely manner. Twenty-five firearms were traced both from acquisition through disposition records and in reverse; no discrepancies were found. No trafficking issues were observed during the A&D examination. No illegal firearms or obliterated/altered firearm serial numbers were noted.

This licensee employs substantial standard operating procedures to ensure the integrity of the A&D records and inventory. A firearm count is conducted at the beginning and end of each workday and compared to the number of firearms on hand listed in the A&D records. Each Monday a barcode scan of every firearm is conducted and reconciled to the records. According to company personnel, they have not experienced any inventory issues. When firearms are shipped to a retail location, the central warehouse prepares an electronic manifest of the items sent. The firearms are physically examined upon their arrival at the store and the firearm information is compared to the manifest. If all information is correct, the manifest is accepted by store personnel and the firearms are added to the store's inventory. When a firearm is sold, the disposition information is entered into the electronic A&D records and the firearm will be removed from the inventory. The licensee uses a checklist for each firearm transaction. This sheet lists the duties of the salesperson, including the A&D entries. The salesperson must initial to indicate each step in the transaction was completed. At the conclusion of the transaction the checklist and records are reviewed by a manager and initialed.

5-ATF Forms 4473 –NICS & Other Dispositions

The review of the ATF Forms 4473 encompassed firearms sales from May 1, 2015 through May 10, 2016. This included the review of (b)(3) - 112 Forms. No errors or omissions were noted during this review. In general, firearms are not transferred to other licensees. If an intra-company transfer is needed, the firearm is returned to the Dick's Sporting Goods distribution center. There were no sales to law enforcement officers at this location.

A PICS Audit Log was obtained from PA State Police prior to conducting the inspection. The log contained all PICS transactions conducted by the licensee in the past 12 months. The completed transactions for the period of January 1, 2016 through April 11, 2016 were compared to the ATF Forms 4473. In addition, as there were reported issues related to the retention of ATF Forms 4473 for denied transactions, all denials in the past 12 months were compared to the PICS audit log. In total, (b)(3)(Pub Law) transactions were examined with no discrepancies found (Exhibit 2).

Regarding the licensee's standard operating procedures related to ATF Form 4473, the checklist previously referred to contain several entries related to ATF F 4473 that a salesperson must make to indicate the Form was properly completed. These include whether the customer properly completed and signed Section A; whether licensee entries were made in Sections B, and D; and whether the PICS check was completed. Approximately 2 years ago the licensee began using an electronic Form (E-4473). This has assisted in reducing the number of errors made by the transferee's, as the sale cannot continue if there are errors or omissions. The proper procedures are in place for the use of E-4473. After the customer makes their required entries in Section A, the salesperson will enter the customer's ID information in Section B and the firearm information in Section D. The Form is printed and signed by the transferee. At that time the PICS check is initiated and the results manually entered in Section C. At the completion of the sale the Form is signed and dated by the employee conducting the transfer. The hardcopies of the Forms are stored on the premises in chronological order.

Overall, the licensee's internal controls related to completion of the ATF F 4473 appear to be very good. Even though the E-4473 is used, company personnel still review the Forms at the time of sale and it was noted there were several instances where a customer needed to correct an entry. This was done manually with the customer initialing and dating the correction. At this time, there is only one computer terminal dedicated to the E-4473. The company hopes to expand the number of terminals. During extremely high volume sales periods, the company does permit the use of the paper ATF F 4473. They also permit this if the customer objects to the use of the computerized Form.

6-Multiple Sales

An E-Trace query disclosed the licensee reported (b)(3)(Pub) multiple sales of handguns during the review period. The review of the ATF Forms 4473 disclosed (b)(3)-112 unreported sales of handguns. (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

No record of this was found in E-Trace and no copy of the ATF F 3310.4 was found in the licensee's records. A violation of 27 CFR 478.126a was cited (Violation 1). Prior to the close of the inspection the licensee submitted the Form; this was verified through E-Trace.

This company only recently began selling handguns. The E-4473 system can determine if a multiple sale has occurred, and it will generate the ATF F 3310.4 for transmission to ATF. The company transmits the Forms by scanning and e-mail. In this case, the licensee believes a print error may have occurred and no one generated the Form manually.

The company's electronic system provides substantial internal controls to ensure multiple sales

are properly reported. In fact, the licensee's system will determine if a multiple sale of handguns occurred where an individual acquired multiple firearms at different locations. Possible enhancements to the procedures included running regular reports to double check if the Forms were filed and adding an entry related to multiple sales to the check sheet already in place.

7-Suspicious/Prohibited Purchasers

During the review of the ATF Forms 4473, 20 persons were identified as possible suspicious purchasers and selected for additional E-Trace checks. Of these, the checks were negative in 18 instances. (b)(3) - 112 Public Law 55 125 Stat 552

instances referrals were completed (Ref: **Section 10 – Referrals**). No purchasers were identified who acquired significant numbers of firearms of interest.

The licensee has taken significant steps to ensure firearms are not sold to prohibited persons or straw purchasers. If a customer is denied or delayed, and entry is made at one Dick's Sporting Goods location in the E-4473 system, any subsequent purchase attempts by that person or someone residing at the same address to acquire firearms will be flagged by the system and personnel will be alerted. This provides the licensee the opportunity to further screen the subsequent purchaser to determine if a straw sale is occurring. In addition, Mr. Miller reported that if an employee selling firearms believes a sales should be denied as a possible straw sale, the policy of Dick's Sporting Goods is that a manager cannot override that decision.

8-Trace Activity

According to E-Trace, this licensee was the subject of (b)(3) Public Law 55 125 Stat 552 firearms traces in the last 12 months. Since this license was issued there have been (b)(3) traces conducted involving this licensee. All traces have been successful. No secondary market analysis was conducted, as this licensee does not acquire or sell used firearms.

9-NFA/Importer/Collector/Manufacturer

No NFA, importer, collector or manufacturer activities are conducted.

10-Referrals

Of the 20 purchasers who were selected for additional checks, (b)(3) - 112 Public Law 55 125 Stat 552
The information related to these two persons is as follows:

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

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

(b)(6), (b)(7)(C)

#2016-0031.

. This is Referral

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

This is Referral #2016-0032.

11-Other

The Youth Handgun Safety Act poster is displayed at the premises and the pamphlets are available for distribution. Secure gun storage/safety devices are included with each firearm sold.

Regarding the ATF F 4473 for a denied transaction that could not be located at the request of PA State Police, the PICS log confirmed that on February 11, 2015 a denial was issued to this licensee for a background check conducted on (b) (6). Prior to the inspection, (b) (6) (b) (6) Director of Loss Prevention and Compliance was contacted by ATF Pittsburgh III (b) (6) (b) (6) reported the Dick's Sporting Goods, Inc. electronic system did not have any record of a check conducted on (b) (6). (b) (6) confirmed this again at the time of the inspection. While onsite, the denial folders for 2015 and 2016 were reviewed, without the ATF F 4473 being located. In addition, the folders for completed transactions for the time period in question were also reviewed, with no Form being located. It was observed that the licensee is diligent in retaining ATF Forms 4473 for not only denied transaction, but that the ATF Forms 4473 are retained in separate folders for transactions that are not completed for any reasons (e.g. – customer changed their mind, declined credit cards, etc.).

This issue was discussed with Mr. Miller and Mr. Titus. Both confirmed they had looked for the Form when initially contacted by PA State Police and that the Form could not be located. The discussion included the following possible reasons for the Form not being present:

The licensee suggested an employee may have run a background check for (b) (6) as a favor to determine if he could pass a background check. It was noted this would be in

violation of company policy and subject the employee to disciplinary action. It was also noted a former employee with knowledge of the licensee's PICS dealer and PIN numbers could have conducted such a check. This exposed a possible weakness, as the licensee (and most other licensee's in PA) do not regularly change the PICS PIN number, particularly when employees leave. Mr. Miller indicated the company would explore changing the PIN numbers on a regular basis. He also noted the company is primarily using the online PICS system, which required a person to enter their employee number to access the Dick's Sporting Goods portal to PICS. Although it is possible that an employee or former employee conducted a PICS check for (b) (6) that was not connected to a firearms purchase, this is unlikely. Trooper (b) (6) reported he discussed this with (b) (6), who stated he was not friends with any employees of Dick's Sporting Goods and did not know any personnel at this store.

Mr. Titus also suggested that an ATF Form 4473 may have been completed manually for this transaction and subsequently picked up by the local police (Frazer Township) after (b) (6) denial. This possibility was provided to (b) (6), who indicated he would check with Frazier Township PD. However, he believed this was unlikely, as the PICS unit referred the denial to the local PA State Police barracks.

Regardless of the possible reasons why the Form is unaccounted for, the fact remains the licensee was unable to locate it. As a result, a violation of 27 CFR 478.129(b) was cited for the failure to retain the Form for a period of not less than 5 years (Report of Violations - Violation 2, Worksheet 2).

12-Closing Actions

On May 12, 2016 IOI (b) (6) held a closing conference with Mr. Miller and Mr. Titus. A review of the firearms regulations and recordkeeping requirements was conducted and an Acknowledgement of Federal Firearms Regulations (Exhibit 9) was completed. The violations and corrective action were discussed and the report of Violations was signed.

According to the Adverse Action Policy, the failure to file multiple sales reports (b)(7)(E) occasions merits a Warning Letter. In this case the licensee failed to file (b)(3) - 112 multiple sales report. A Warning Letter is also warranted when a licensee is (b)(7)(E) ATF Forms 4473. In this case the violation did not meet that threshold, as only (b)(3) - 112 Form was found to be missing. This is the company's first instance of violations at this store. There are no aggravating or mitigating factors that would call for a deviation from the Adverse Action Policy. Therefore, a Warning Letter (with no recall inspection) is recommended.

13-Violations

1. **27 CFR 478.126a**

Nature of violation:

Licensee failed to report the multiple sale or other disposition of pistols or revolvers to a non-licensee in (b)(3) Pub Law instance (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)).

Licensee's response:

The licensee indicated this was most likely an oversight or may have resulted from their electronic system failing to print the Form. Employees will be instructed on how to manually complete the Form in the event the electronic system fails. In addition, the company may consider adding an entry for multiple sales to the firearm sales checklist.

Corrective action:

The licensee completed and filed ATF Form 3310.4 for the transaction in question.

Reference Worksheet 2 and Exhibit 2.

2. **27 CFR 478.129(b)**

Nature of violation:

Licensee failed to retain the ATF Form 4473 for a proposed firearm transaction that was not completed for not less than 5 years (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)).

Licensee's response:

The licensee agreed the Form cannot be located at the premises with no clear explanation about why. Possible explanations included an employee or former employee calling in the PICS check as a favor or the original Form being provided to the local police.

Corrective action:

The licensee will retain all ATF forms 4473 for not less than 5 years for proposed transactions that are not completed.

Reference Worksheet 2

X

(b) (6)

Senior Investigator - ATF Pittsburgh III

Index of Worksheets and Exhibits

Report of Violations

Worksheet 1 - Inventory and A&D Review

Worksheet 2 - ATF Form 4473 Review

Referral #2016-0031 (b) (6)

Referral #2016-0032 (b) (6)

Exhibit 1 - PA State Police information re: missing ATF F 4473

Exhibit 2 - PICS audit log

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

Exhibit 4 - (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 5 -

Exhibit 6 - NCIC data (b)(6)

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

Exhibit 8 - (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 9 - Acknowledgement of Federal Firearms Regulations