

Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY) Joseph Reaves Merritt, II Honeycutt Pawn & Variety 103 S. Railroad St. Wallace, NC 28466, DUPLIN	2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) <p style="text-align: center;">763050-2016-0152-B1B</p> 3. PERMIT/LICENSE NUMBER 4a. TARGET DATE 4b. TARGET HOURS <p style="text-align: center;">156061027D03964</p> 5. REQUESTED BY (SIGNATURE, TITLE AND DATE)
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6. ATF OFFICER(S) ASSIGNED

(b)(6) - Lead Investigator
 (b)(6) - Assigned Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)

(b)(6), Area Supervisor, 12/14/2015

8. PURPOSE/SPECIAL INSTRUCTIONS

Conduct a full scope compliance inspection.

9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC	10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF VIOLATIONS	8	NO. OF REFERRALS		2111 - PER DIEM
NO. OF TECS CHECKS	187	NO. OF TECS HITS		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) - Industry Operations Investigator

Submitted on: 05/13/2016

Viols WL ONLY and No Recall Inspection

12. TIME ACCOUNTING DATA			
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)		(b)(6)	
	DEC 2015	4.00	
	FEB 2016	50.00	
	MAR 2016	39.00	
	APR 2016	43.00	
ATF OFFICER'S SUBTOTAL	136.00	ATF OFFICER'S SIGNATURE	
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)		(b)(6)	
	FEB 2016	29.00	
ATF OFFICER'S SUBTOTAL	29.00	ATF OFFICER'S SIGNATURE	
TOTAL HOURS	165.00		

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	3. PERMIT/LICENSE NUMBER 156061027D03964	4a. TARGET DATE	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

13. REVIEW AND ROUTING

REVIEW COMMENTS AND RECOMMENDATION
Viols WL ONLY and No Recall Inspection

REVIEWED CONCUR SEE COMMENTS FINAL DISPOSITION

SIGNATURE AND TITLE (b)(6) - Area Supervisor	 Digitally signed by (b)(6) DN: cn=(b)(6), o=U.S. Department of Justice, email=(b)(6), v=c, us Date: 2016.05.13 15:50:19 -0600	REVIEW DATE 05/13/2016
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ROUTING SEQUENCE AND DATE

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

CONTROL FILE POSTED DATE _____

Report of Violations

Instructions

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Name of Proprietor Joseph Merritt Reaves, II dba Honeycutt Pawn & Variety	Street Address 103 S Railroad Street	City Wallace	State North Carolina	ZIP Code 28466	County Duplin	Page 1 of 7 Pages
License/Permit/Registry Number (if any) 1 56 061 02 7D 03964		Expiration Date April 1, 2017	Date(s) or Period of Inspection January 1, 2015 through February 1, 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 478.124(c)(1)	<p>Failure of licensee in (b)(3) instances (b)(3) out of 1423 forms reviewed) to ensure the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm</p> <p>ATF F 4473 # (b)(3) - Public Law 112-55 (125 Stat. 552) - Item 1 (transferee name) was incorrect in (b)(3) instances and blank in (b)(3) instance</p> <p>ATF F 4473 # (b)(3) 112 Public Law 55 125 STAT 552 - Item 2 (current address) was incorrect</p> <p>ATF F 4473 # (b)(3) - Items 2 and 3 (place of birth) were incorrect</p> <p>ATF F 4473 # (b)(3) 112-55 - Item 1 j (have you ever renounced your U.S. citizenship?) was blank</p> <p>ATF F 4473 # (b)(3) 112 P - Item 1 g (dishonorable discharge) was blank</p> <p>ATF F (b)(3) 112 Public Law 55 - Item 1 i (have you ever been convicted of a MCDV?) was answered YES</p> <p>ATF F (b)(3) 112 Public Law 55 - Item 1 L (are you an alien admitted to the U.S. under a non-immigrant visa?) was blank</p> <p>ATF F 4473 # (b)(3) 112 Public Law 55 125 S - Item 13 (state of residence) was incorrect</p> <p>ATF F 4473 # (b)(3) 112 Pub Lc Law 55 125 STAT 552 - Item 14 (country of citizenship) was blank in (b)(3) instances and incorrect in (b)(3) instance</p> <p>ATF F 4473 # (b)(3) 112 Pub Lc Law 55 125 STA - and 4616 - Item 17 was blank in (b)(3) instance and incorrect in (b)(3) instances</p>	<p>Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm</p> <p>Strong emphasis was placed on ensuring ATF F 4473 Section A certification questions are answered and/or answered appropriately. Specifically, if purchaser fails to answer or answers 'YES' to any of the certification questions, then the transfer should not take place if there is any indication or reason to believe the purchaser is indeed in a prohibited status</p>	Immediately

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

Joseph Merritt Reaves, II owner
Signature and Title of ATF Officer: (b)(6) IOI

Date 4-6-16

Date 4/6/16

ATF Form 5803.5
Revised April 2005

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License/Permit/Registry Number (if any) 1 56 061 02 7D 03964		Expiration Date April 1, 2017	Date(s) or Period of Inspection January 1, 2015 through February 1, 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 <i>(if not corrected immediately)</i>	Date Corrections to be Made <i>(if not corrected immediately)</i>
2.	27 CFR 478.124(e)(3)(i)	<p>Failure of licensee in (b)(3) instances (out of 1423 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm.</p> <p>ATF F 4473 # (b)(3) 112 Public Law 55 125 S - Item 20a (identification) was incorrect in (b)(3) instances</p>	<p>Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm. Mr. Merritt advised that the presented identification document(s) provided must match the address recorded on ATF F 4473, Item 2. Otherwise, purchaser must present alternate government-issued document(s) denoting the current address which should be recorded in ATF F 4473 Item 20b.</p>	Immediately
2. con't		<p>Failure of licensee in (b)(3) instances (out of 1423 forms reviewed) to verify the accuracy of ATF F 4473 prior to the transfer of a firearm. Each transferee presented photo identification featuring a different residence address than what was recorded on ATF F 4473. In (b)(3) instances, Item 20b (alternate documentation) was blank, meaning licensee failed to have the purchaser provide alternate documentation to verify the current residence address.</p> <p>In the other (b)(3) instances (#s (b)(3) 112 Public Law 55), 'US military ID' was recorded in Item 20B, but neither a copy of the military identification nor the purchaser's permanent duty (PCS) orders were attached.</p> <p>The following forms document this violation: ATF F 4473 #s (b)(3) 112 Public Law 55 125 STAT 552 (b)(3) 112 Public Law 55 125 STAT 552</p>	<p>All active duty military personnel permanently stationed in North Carolina are considered residents of the State of North Carolina. If they do not have North Carolina identification detailing a State residence, then they must supply the following to purchase a firearm:</p> <ol style="list-style-type: none"> 1. current military identification card 2. permanent change of station (PCS) OR another government-issued documenting denoting a current North Carolina residence address 	

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3.	27 CFR 478.124(c)(3)(iv)	<p>Failure of licensee in (b)(3) instances (out of 1423 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm.</p> <p>ATF F 4473 #s (b)(3) 112 Public Law 55 125 item 21a (NICS contact date) was blank</p> <p>ATF F 4473 #s (b)(3) 112 Public Law 55 125 STAT 552 item 21a incorrect</p> <p>ATF F 4473 #s (b)(3) 112 Public Law 55 125 STAT 552 item 21c (NICS initial response) was blank</p> <p>ATF F 4473 #s (b)(3) 112 Public Law 55 125 item 21d (response after NICS delay) was blank</p>	<p>Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm</p>	Immediately

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Number	USC or CFR Citation	Nature of Violation	Corrective Action to be Taken <i>(If not corrected immediately)</i>	Date Corrections to be Made <i>(If not corrected immediately)</i>
4.	27 CFR 478.124(c)(4)	Failure of licensee in ^{(b)(3)} instances ^{(b)(3)} out of 1423 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm. <div style="background-color: black; color: white; padding: 5px; margin-top: 5px;">(b)(3) 112 Public Law 55 125 STAT 552</div>	Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm	Immediately
5.	27 CFR 478.124(c)(5)	Failure of licensee in ^{(b)(3)} instances ^{(b)(3)} out of 1423 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm. ATF F 4473 #s ^{(b)(3) 112 Public Law 55 125 STAT 552} Item 36 (transfer date) was incorrect ATF F 4473 #s ^{(b)(3) 112 Public Law 55 125 STAT 552} items 34 (transferor signature) and 36 were left blank	Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm	Immediately

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6.	27 CFR 478.21(a)	Failure of licensee in ^{(b)(3)} instances ^{(b)(3)} out of 1423 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm. <div style="background-color: black; color: white; padding: 5px; font-weight: bold;">(b)(3) 112 Public Law 55 125 STAT 552</div>	Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm	Immediately

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7.	27 CFR 478.125(e)	Failure of licensee in ^{(b)(3)} instances to accurately record the serial number (S/N) of a firearm in the Acquisition and Disposition record. The errors were disclosed during the inventory count & reconciliation <div style="background-color: black; color: white; padding: 5px; font-weight: bold;">(b)(3) 112 Public Law 55 125 STAT 552</div>	Mr. Merritt was advised during the inspection and the closing conference of the importance of ensuring that all A&D record entries are accurately recorded. Specific emphasis was placed on the need to record the serial number accurately as it is the most important part of a firearm's descriptive information used to trace a firearm	Corrected during the inspection
7. con't		Failure of licensee in ^{(b)(3)} instances to record the disposition of a firearm and failure in ^{(b)(3)} instance to record the acquisition of a firearm in the A&D record <div style="background-color: black; color: white; padding: 5px; font-weight: bold;">(b)(3) 112 Public Law 55 125 STAT 552</div>	Mr. Merritt was advised during the inspection and the inspection closing conference that the purchase or other acquisition of a firearm shall be recorded not later than the close of the next business day following such acquisition. He was further advised that the sale or other disposition of a firearm shall be recorded not later than 7 days following the date of such transaction. All ^{(b)(3)} entries were made during the inspection	Corrected during the inspection

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8.	27 CFR 478.126a	Failure of licensee in ^{(b)(3)} instance to execute and submit ATF F 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers. The ATF F 4473 inspection review disclosed ^{(b)(3)} multiple sale to an individual with no corresponding completed ATF F 3310.4 documenting the transaction.	<p>On 3-4-16 ^{(b)(3)} executed and submitted ATF F 3310.4 to properly document this multiple sales transaction. Mr. Merritt advised that ATF F 3310.4 must be executed and submitted not later than the close of business on the day that a multiple sale occurs. He was further advised that per instruction on the form,</p> <ol style="list-style-type: none"> 1. copy 1 shall be forwarded to both the ATF National Tracing Center electronically or by fax or mail 2. copy 2 shall be forwarded to the CLEO of the jurisdiction where the multiple sale takes place 	3-4-16



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives
1801 Stanley Road, Suite 300
Greensboro, NC 27407

May 16, 2016

www.atf.gov

763050: (b)(6)
5373

WARNING LETTER

CERTIFIED RETURN RECEIPT REQUESTED

Mr. Joseph Reaves Merritt, II
Honeycutt Pawn & Variety
103 S. Railroad Ave.
Wallace, NC 28466

RE: 1-56-061-02-7D-03964

Dear Mr. Merritt:

During a recent inspection of your firearms business, covering the period January 1, 2015 through February 1, 2016, you were cited for violations of Title 27, Code of Federal Regulations, Part 478. A copy of the Report of Violations, ATF F 5030.5, issued at the time of the inspection is enclosed.

All violations were fully explained to you 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 action 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.

Mr. Joseph Reaves Merritt, II
Honeycutt Pawn & Variety

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

Sincerely yours,

(b)(6)

Area Supervisor

Enclosure

c: Federal Firearms Licensing Center

FIREARMS INSPECTION REPORT

Name: Joseph Reaves Merritt II
Trade Name: Honeycutt Pawn & Variety

UI#: 763050 2016 0152 B1B
FFL#: 1 56 061 02 7D 03964

Address: 103 S. Railroad Street
Wallace, North Carolina 28466
Duplin County
Hours of operation M-F 8a-6p; Sat 8a-2p
Phone: 910-285-4549

GPS Coordinates: N34.73476 W77.99572

1 - Introduction

Inspection Profile:

On 2/22/16, Industry Operations Investigators (IOI) (b) (6) and (b) (6) (b) (6) traveled to Wallace, North Carolina to initiate an unannounced full-scope compliance inspection of the above-noted licensee. The inspection was conducted with the business sole owner, Mr. Joseph Reaves Merritt, II, who was positively identified through use of North Carolina Driver's license (b) (6) (b) (6). The period of inspection was 1/1/15 through 2/1/16. In addition to this assignment, IOI (b) (6) was also assigned to conduct an inspection (763050-2016-0150-B1B) of Treasure House (1-56-00191), which Mr. Merritt also owns and which sits a 2-minute walk away. Because of the close proximity of both premises and the fact that Mr. Merritt stated he did not have much inventory at Treasure House, IOI (b) (6) instructed IOI (b) (6) to initiate this inspection while he went to Treasure House with Mr. Merritt to conduct that inspection. On 2/1/16, IOI (b) (6) emailed ATF Raleigh, NC Field Office Resident Agent in Charge (RAC) (b) (6) to inquire if there were any current Nforce investigations open for this FFL and to ascertain if there was any relevant information IOI (b) (6) needed to be aware of. RAC (b) (6) replied by email: 'no issues'. In addition to Mr. Merritt, his current employees were also interviewed and assisted throughout the inspection:

(b) (6)

Business Profile:

Honeycutt Pawn & Variety is a mid-sized pawnbroker of firearms. Ammunition, jewelry, hunting accessories and hand & electric tools are also sold. Some firearm inventory is displayed on www.honeycuttpawn.com The premises is a commercial building which sits in downtown Wallace. Approximately (b) (4) of firearm sales are conducted at gun shows. The records review disclosed licensee attends the following gun shows:

FIREARMS INSPECTION REPORT

Name: Joseph Reaves Merritt II
Trade Name: Honeycutt Pawn & Variety

UI#: 763050 2016 0152 B1B
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- Dixie Gun & Knife – Charlotte
- S&D Gun Show – Jacksonville
- S&D Gun Show – New Bern
- Charlotte Gun & Knife Show – Charlotte

Each of the employees can sell firearms, fill out ATF F 4473 and record entries in the A&D record. Mr. Merritt stated inventories are normally conducted once a month and every Monday before *and* after an attended gun show. There are no consignment sales conducted. For the stated inspection period, there were (b) (4) acquisitions and (b) (4) dispositions. The main firearm distributors are Hick's, Sport's South and Classic Firearms. Approximately (b) (4) of inventory is new.

Ownership and Control:

Mr. Merritt is the sole business owner. There have been no changes in ownership or control. Hidden ownership is not suspected and was not disclosed during the inspection.

Variance:

Honeycutt Pawn & Variety does not utilize any variances. Mr. Merritt inquired about possibly needing to store his records at the premises for his other FFL because he will eventually run out of storage space. IOI (b) (6) advised that he could apply for a variance if/when the need arises.

2 - Recommendation

Report of Violations (ROV) with Warning Letter and No Recall

3 - Inspection History

Date and Type of Inspection: 3/4/08 qualification inspection
UI#: 763050 2008 0277 B1B
Inspection Results: Approve Original
Cited Violations: none

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

There are currently a total of (b) (6) A&D record books maintained in bound format. A (b) (6) inventory was conducted by IOIs (b) (6) and Rawlinson. There were (b) (6) firearms in inventory and (b) (6) A&D record open entries, but there were a total of (b) (6) inventory discrepancies disclosed. (b) (6) firearms were found to have been transferred without the corresponding A&D disposition recorded; and one firearm which was part of the inventory count had not been recorded as an acquisition in the A&D record. In

FIREARMS INSPECTION REPORT

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addition to the A&D discrepancies, there were also [REDACTED] A&D entries where the firearm serial number was recorded incorrectly.

Violation 7 – 27 CFR 478.125(c)

- Failure in [REDACTED] instances to accurately record the serial number of a firearm in the Acquisition and Disposition record (*reference ROV #7, worksheet 1, exhibit 6*)
- Failure of licensee in [REDACTED] instances to record the disposition of a firearm and failure in [REDACTED] instance to record the acquisition of a firearm in the A&D record (*reference ROV #7, worksheet 1, exhibit 6*)

5 - ATF Forms 4473 – NICS & Other Dispositions

For the stated inspection period, there were a total of [REDACTED] ATF Forms 4473 on-file. IOIs (b) (6) and [REDACTED] reviewed every form for errors, omissions, trafficking indicators and possible straw purchase transactions. The review disclosed the following violations:

- Violation 1 – 27 CFR 478.124(c)(1) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #1, worksheet 2 exhibit 1*)
- Violation 2 – 27 CFR 478.124(c)(3)(i) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #2, worksheet 2 exhibit 2*)
- Violation 3 – 27 CFR 478.124(c)(3)(iv) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #3, worksheet 2 exhibit 3*)
- Violation 4 – 27 CFR 478.124(c)(4) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #4, worksheet 2 exhibit 3*)
- Violation 5 – 27 CFR 478.124(c)(5) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #5, worksheet 2 exhibit 4*)
- Violation 6 – 27 CFR 478.21(a) – failure in [REDACTED] instances to ensure the accuracy and/or completeness of ATF F 4473 (*reference ROV #6, worksheet 2 exhibit 5*)

Completed ATF F 4473s are maintained in manila folders in increments of 30 filed by date order. The NICS 30-day audit log received prior to the inspection disclosed 108 total transactions (104 proceed, 4 denied) which were all traced to an on-file ATF F 4473 with zero discrepancies. Mr. Merritt stated that there was a review process in place for completed forms, but the disclosed violations state otherwise. On 2/24/16, due to the possibility of a tornado in the area, IOIs (b) (6) [REDACTED] received Mr. Merritt's permission to remove some ATF form 4473s [REDACTED] total) offsite to review off

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premises. IOI (b) (6) executed ATF F 3400.23, *Receipt for Property and Other Items (exhibit 7)* to document the forms removed.

6 – Multiple Sales

The Violent Crime Analysis branch pre-inspection received FFL history query disclosed a total of (b) (3) Pub multiple sale transactions, all of which were traced to on-file ATF F 4473s (b) (3) Pub Law 1 unreported multiple sale involving (b) (3) handguns was disclosed during the ATF F 4473 review:

- Violation 8 – 27 CFR 478.126a – failure in (b) (3) instance to execute and submit ATF F 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers (*reference ROV #8, worksheet 2 exhibit 6*)

On 3/4/16 as instructed by IOI (b) (6), (b) (6) executed and submitted ATF F 3310.4 to the ATF National Tracing Center and the Craven County (NC) Sheriff's Office to report this multiple sale.

7 – Suspicious/Prohibited Purchasers

A total of (b) (3) purchasers were chosen by IOI (b) (6) as suspicious purchasers due to either the firearm purchased and/or specific errors or omissions found on ATF F 4473. NCIC queries did not disclose anyone who was actually prohibited. There were also no straw purchasers disclosed.

8 – Trace Activity

There were a total of (b) (3) Pub traces associated with this licensee for the previous 12 month period. (b) (3) Pub Law 1 multiple sale and (b) (3) - 112 Public Law 55 were updated/corrected:

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

Both of these findings are detailed on the Firearms Inspection Traces Perfected During Inspection Worknote, which will be faxed to the NTC prior to submission of this report. Regarding secondary market firearms (SMFs), there were a total of 165 in inventory, 5 of which did not have serial numbers and thus, were not queried. The other 160 were queried in NCIC with none returned as stolen, trace or suspicious.

9 - NFA/Importer/Collector/Manufacturer

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Honeycutt Pawn & Variety does not conduct any activities related to NFA weapons, importer, collector or manufacturing of firearms.

10 - Referrals

None generated

11 - Other

The inspection disclosed that Mr. Merritt is adhering to the Federal and state requirements, respectively, to post and provide the Youth Handgun Safety Act and North Carolina General Statute 14-315.1, Storage of Firearms to Protect Minors.

12 - Closing Actions

On 4/6/16, IOI (b) (6) conducted the inspection closing conference at the licensed premises. In attendance were: Mr. Merritt, Justin Strickland, Debbie Hall and Chuck Alford. IOI (b) (6) reviewed & discussed the Report of Violations in detail as well as the corrective actions Mr. Merritt will incorporate to ensure future compliance. IOI (b) (6) conducted a thorough review of the Acknowledgement of Federal Firearms Regulations (exhibit 7). Mr. Merritt's execution of the Acknowledgement serves as his as well as his employees understanding of the information discussed. IOI (b) (6) also provided all relevant ATF forms, publications and information during the closing.

13 - Violations

1. 27 CFR 478.124(c)(1)

Nature of Violation: Failure of licensee in (b)(3) instances (b)(3) Pub Law 112-55 125 § 552 form reviewed) to ensure the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

(b)(3) - 112 Public Law 55 125 Stat 552 - Item 1 (transferee name) was incorrect in

(b)(3) instances and blank in (b)(3) instance

(b)(3) - 112 Public Law 55 125 Stat 552 - Item 2 (current address) was incorrect

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

- Items 2 and 3 (place of birth) were incorrect

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

- Item 11j (have you ever renounced your U.S. citizenship?) was

blank

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

- Item 11g (dishonorable discharge) was blank

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

- Item 11i (have you ever been convicted of a MCDV?) was

answered YES

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

- Item 11L (are you an alien admitted to the U.S. under a non-

immigrant visa?) was blank

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

- Item 13 (state of residence) was incorrect

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(b)(3) - 112 Public Law 55 125 Stat 552 - Item 14 (country of citizenship) was blank in (b)(3) - 112 Public Law 55 125 Stat 552 instances and incorrect in (b)(3) instance
(b)(3) - 112 Public Law 55 125 Stat 552 - Item 17 was blank in (b)(3) instance and incorrect in (b)(3) instances

Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was 'shocked' of the number of errors disclosed.

Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm. Strong emphasis was placed on ensuring ATF F 4473 Section A certification questions are answered and/or answered appropriately. Specifically, if purchaser fails to answer or answers 'YES' to any of the certification questions, then the transfer should not take place if there is any indication or reason to believe the purchaser is indeed in a prohibited status

SEE WORKSHEET 2 and EXHIBIT 1

2. **27 CFR 478.124(c)(3)(i)**

Nature of Violation: Failure of licensee in (b)(3) instances (b)(3) Pub Law 112-55 125 § 552 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

(b)(3) - 112 Public Law 55 125 Stat 552 - Item 20a (identification) was incorrect in (b)(3) instances

Nature of Violation con't: Failure of licensee in (b)(3) instances (b)(3) Pub Law 112-55 125 § 552 forms reviewed) to verify the accuracy of ATF F 4473 prior to the transfer of a firearm. Each transferee presented photo identification featuring a different residence address than what was recorded on ATF F 4473. In (b)(3) instances, Item 20b (alternate documentation) was blank, meaning licensee failed to have the purchaser provide alternate documentation to verify the current residence address

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

In the other (b)(3) instances (b)(3) - 112 Public Law 55 125 Stat 552), 'US military ID' was recorded in Item 20B, but neither a copy of the military identification nor the purchaser's permanent duty (PCS) orders were attached

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Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was 'shocked' of the number of errors disclosed

Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm. Mr. Merritt advised that the presented identification document(s) provided must match the address recorded on ATF F 4473, Item 2. Otherwise, purchaser must present alternate government-issued document(s) denoting the current address which should be recorded in ATF F 4473 Item 20b

Corrective Action con't: All active duty military personnel permanently stationed in North Carolina are considered residents of the State of North Carolina. If they do not have North Carolina identification detailing a State residence, then they must supply the following to purchase a firearm:

1. current military identification card
2. permanent change of station (PCS) OR another government-issued documenting denoting a current North Carolina residence address

SEE WORKSHEET 2 and EXHIBIT 2

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

Nature of Violation: Failure of licensee in (b)(3)(iv) instances (b)(3)(iv) forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

(b)(3) - 112 Public Law 55 125 Stat 552 - item 21a (NICS contact date) was blank

(b)(3) - 112 Public Law 55 125 Stat 552 - item 21a incorrect

(b)(3) - 112 Public Law 55 125 Stat 552 item 21c (NICS initial response) was blank

(b)(3) - 112 Public Law 55 125 Stat 552 Item 21d (response after NICS delay) was blank

Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was 'shocked' of the number of errors disclosed

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Name: Joseph Reaves Merritt II
Trade Name: Honeycutt Pawn & Variety

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Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm

SEE WORKSHEET 2 and EXHIBIT 3

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

Nature of Violation: Failure of licensee in (b)(3) instances (b)(3) Pub Law 112-56 125 § 552 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

- (b)(3) - 112 Public Law 55 125 Stat 552 – item 29 (firearm type) was left blank
- (b)(3) - 112 Public Law 55 125 Stat 552 – item 30 (caliber/gauge) was left blank
- (b)(3) - 112 Public Law 55 125 Stat 552 – items 29 & 30 were left blank

Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was ‘shocked’ of the number of errors disclosed

Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm

SEE WORKSHEET 2 and EXHIBIT 3

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

Nature of Violation: Failure of licensee in (b)(3) instances (b)(3) Pub Law 112-56 125 § 552 forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

- (b)(3) - 112 Public Law 55 125 Stat 552 – Item 36 (transfer date) was left blank
- (b)(3) - 112 Public Law 55 125 Stat 552 – Items 34 (transferor signature) and 36 were left blank

Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was ‘shocked’ of the number of errors disclosed

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Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm

SEE WORKSHEET 2 and EXHIBIT 4

6. **27 CFR 478.21(a)**

Nature of Violation: Failure of licensee in ^{(b)(3)Pub} instances ^{(b)(3)Pub Law 112-55 125 § 552} forms reviewed) to verify the accuracy and/or completeness of ATF F 4473 prior to the transfer of a firearm

(b)(3)Pub Law 112-55 125 § 552



Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was 'shocked' of the number of errors disclosed

Corrective Action: Mr. Merritt was advised both during the inspection and the inspection closing conference that ATF F 4473 must be completed accurately AND completely in all instances. He was further advised to implement whatever steps deemed necessary to ensure each form is reviewed for accuracy & completeness prior to transferring a firearm

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Name: Joseph Reaves Merritt II
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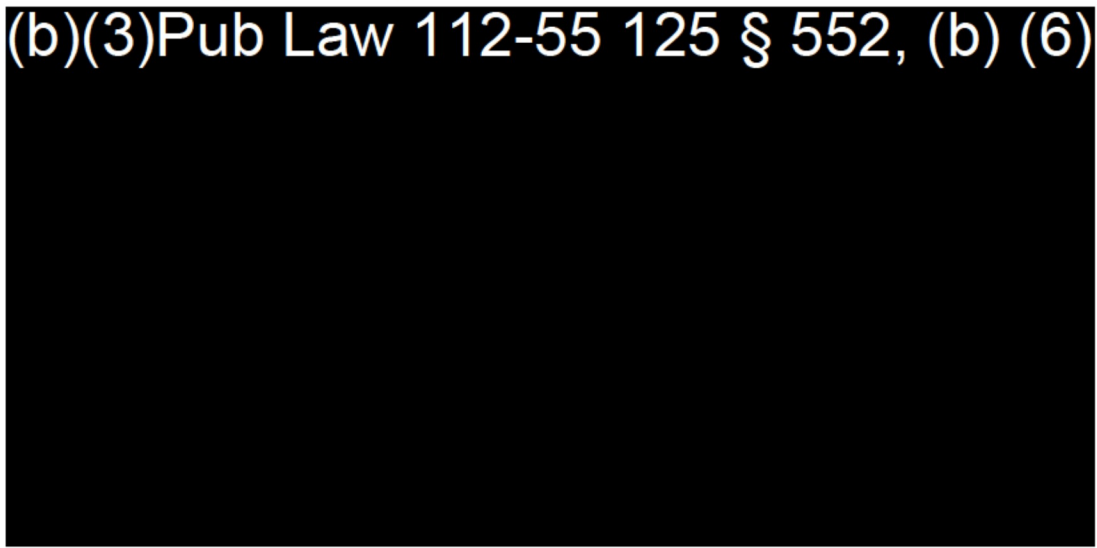
UI#: 763050 2016 0152 B1B
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SEE WORKSHEET 2 and EXHIBIT 5

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

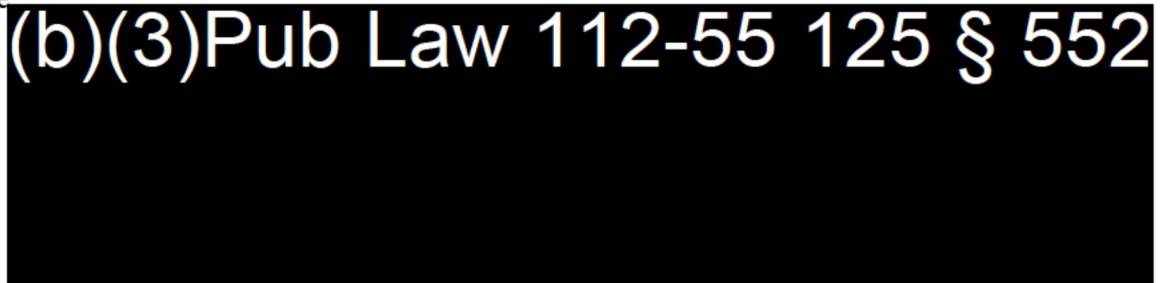
Nature of Violation: Failure of licensee in [REDACTED] instances to accurately record the serial number of a firearm in the Acquisition and Disposition record. The errors were disclosed during the inventory count & reconciliation

(b)(3)Pub Law 112-55 125 § 552, (b) (6)



Nature of Violation con't: Failure of licensee in [REDACTED] instances to record the disposition of a firearm and failure in [REDACTED] instance to record the acquisition of a firearm in the A&D re

(b)(3)Pub Law 112-55 125 § 552



Licensee Response: Mr. Merritt stating during the inspection closing conference that this was due to carelessness and just being overlooked. He stated he was 'shocked' of the number of errors disclosed

Corrective Action: Mr. Merritt was advised during the inspection and the closing conference of the importance of ensuring that all A&D record entries are accurately recorded. Specific emphasis was placed on the need to record the serial number accurately as it is the most important part of a firearm's descriptive information used to trace a firearm

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Corrective Action con't: Mr. Merritt was advised during the inspection and the inspection closing conference that the purchase or other acquisition of a firearm shall be recorded not later than the close of the next business day following such acquisition. He was further advised that the sale or other disposition of a firearm shall be recorded not later than 7 days following the date of such transaction. All ^{(b)(3)} entries were made during the inspection

SEE WORKSHEET 1 and EXHIBIT 6

8. **27 CFR 478.126a**

Nature of Violation: Failure of licensee in ^{(b)(3)} instance to execute and submit ATF F 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers. The ATF F 4473 inspection review disclosed ^{(b)(3)} multiple sale to an individual with no corresponding completed ATF F 3310.4 documenting the transaction

Licensee Response: This was blamed on basically 'slipping through the cracks'

Corrective Action: On 3-4-16 Justin Strickland executed and submitted ATF F 3310.4 to properly document this multiple sales transaction. Mr. Merritt advised that ATF F 3310.4 must be executed and submitted not later than the close of business on the day that a multiple sale occurs. He was further advised that per instruction on the form,

1. copy 1 shall be forwarded to both the ATF National Tracing Center electronically or by fax or mail
2. copy 2 shall be forwarded to the CLEO of the jurisdiction where the multiple sale takes place

SEE WORKSHEET 2 and EXHIBIT 6

X

Industry Operations Investigator

FIREARMS INSPECTION REPORT

Name: Joseph Reaves Merritt II
Trade Name: Honeycutt Pawn & Variety

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Worksheets

Worksheet 1 – Inventory and A&D Review
Worksheet 2 – ATF F 4473 Review

Exhibits

Exhibit 1 – ATF F 4473s documenting violation 1
Exhibit 2 – ATF F 4473s documenting violation 2
Exhibit 3 – ATF F 4473s documenting violations 3 & 4
Exhibit 4 – ATF F 4473s documenting violation 5
Exhibit 5 – ATF F 4473s documenting violations 6
Exhibit 6 – ATF F 4473s and A&D record copies documenting violations 7 & 8
Exhibit 7 - ATF F 3400.23, *Receipt for Property and Other Items; Acknowledgement of Federal Firearms Regulations*
