

## Assignment and Report

1. OPERATING NAME AND ADDRESS (INCLUDE ZIP CODE AND COUNTY)  Welsh Pawn Shop, Inc 32 E Derenne Ave Savannah, GA 31405, Chatham		2. U.I. NUMBER (ORG. SEG. CODE, ASSIGNMENT NO., P.P.C.) <b>760555-2016-0031-B1B</b>	
		3. PERMIT/LICENSE NUMBER <b>158051027C17724</b>	4a. TARGET DATE <b>9/30/2016</b>
		4b. TARGET HOURS	
5. REQUESTED BY (SIGNATURE, TITLE AND DATE)			

6. ATF OFFICER(S) ASSIGNED	
(b)(6)	- Assigned Investigator
(b)(6)	- Lead Investigator
(b)(6)	- Assigned Investigator
(b)(6)	- Assigned Investigator

7. ASSIGNED BY (SIGNATURE, TITLE AND DATE)	
(b)(6)	, Area Supervisor, 10/02/2015

8. PURPOSE/SPECIAL INSTRUCTIONS	
Conduct FULL RECALL compliance inspection in accordance with ATF regulations and the IO Manual.	
*** Please check for possible hidden ownership.	

9. INSPECTION RESULTS		<input type="checkbox"/> CHECK IF NO VIOLATIONS, ADJUSTMENTS, ETC	10. TRAVEL EXPENSES (OPTIONAL)	
NO. OF VIOLATIONS	6	NO. OF REFERRALS		2111 - PER DIEM
NO. OF TECS CHECKS	110	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.

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	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

### 11. ATF OFFICER'S RECOMMENDATION

Submitted by (b)(6) - Industry Operations Investigator

Submitted on: 08/16/2016

A Report of Violations was issued and a recommendation of a Warning Letter and No Recall Inspection in lieu of a warning conference is submitted for consideration based upon the following facts and findings:

The current inspection disclosed a total of six (6) violations with all six (6) violations being repeat or similar in nature from a September 17, 2014 compliance inspection. Two (2) of the cited violations, Violation # 1 – 27 CFR 478.125(e) and Violation # 2 – 27 CFR 478.21(a), did not meet the required number of instances to warrant administrative action. One (1) of the cited violations, Violation # 3 – 27 CFR 478.124(c)(3)(i), involving errors and/or omissions on (b)(3) 112 PUBL ATF Form 4473, (0.1% error rate), would warrant a warning letter. Two (2) of the cited violations, Violation # 4 – 27 CFR 478.124(c)(4) and Violation # 5 – 27 CFR 478.124(c)(5) are violations not captured under the current Firearms Administrative Action Policy. The remaining violation, Violation # 6 – 27 CFR 478.126a involving failure to timely prepare and submit the Report of Multiple Sales or Other Disposition of Pistols and Revolvers, ATF Form 3310.4, in (b)(3) 112 PUBL instances, would warrant a warning conference.

The September 2014 compliance inspection previously mentioned resulted in a warning conference being held on February 26, 2015 based upon other violations than those cited during the current inspection. A warning letter is further recommended under the current inspection due to the following circumstances:

1. The licensee's employees were distracted in ensuring ATF compliance based upon former management employees failing to perform their assigned duties within company standards, including their obligation to ensure that all employees and themselves adhere to ATF laws and regulations. The two (2) former management employees, with responsibilities to oversee firearm transaction activities, were terminated during the inspection review period based upon an extra marital affair between themselves, failure to ensure that ATF requirements are met, and the misrepresentation and falsification of internal company (store) records. The licensee has since filed criminal charges against the former management employees for theft by deception and a trial date is pending before the Chatham County, Georgia State Court, Savannah, Georgia.

2. Corporation President Eric Richman has since established "written procedures" for employees to follow in regard to ATF compliance requirements, including a mandate that all Welsh Pawn Shop locations will conduct a firearms inventory every ninety (90) days, procedures to be followed prior to transferring a firearm, and the policy of "consequences" for disciplinary action, including possible dismissal, if it is determined that an employee has been found to have five (5) or more ATF recordkeeping errors per year.

3. The licensee's current inspection warrants a warning conference based solely upon cited Violation # 6 – 27 CFR 478.126a – Failure to timely prepare and submit the Report of Multiple Sales or Other Disposition of Pistols and Revolvers, ATF Form 3310.4, in (b)(3) 112 PUBL instances. The licensee's failure to comply with the regulation in (b)(3) 112 PUBL instances just did exceed the "threshold" for administrative action of a warning conference versus a warning letter.

Based upon a recent change in store management, the establishment of written procedures to ensure compliance with ATF requirements, and the guidance and information provided during the inspection closing conference by IOI (b)(6), a recommendation of a warning letter in lieu of a warning conference is submitted for consideration.

Viols WL ONLY and No Recall Inspection

### 12. TIME ACCOUNTING DATA

ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)		
JUN 2016	40.00	
ATF OFFICER'S SUBTOTAL	40.00	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS) (b)(6)		
JUN 2016	56.00	
JUL 2016	18.00	
AUG 2016	44.00	
ATF OFFICER'S SUBTOTAL	118.00	ATF OFFICER'S SIGNATURE



## Assignment and Report

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	3. PERMIT/LICENSE NUMBER 158051027C17724	4a. TARGET DATE 9/30/2016	4b. TARGET HOURS
	5. REQUESTED BY (SIGNATURE, TITLE AND DATE)		

12. TIME ACCOUNTING DATA		
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)	
JUN 2016	11.00	
ATF OFFICER'S SUBTOTAL	11.00	ATF OFFICER'S SIGNATURE
ATF OFFICER'S NAME (MONTH, YEAR, HOURS)	(b)(6)	
JUN 2016	36.00	
ATF OFFICER'S SUBTOTAL	36.00	ATF OFFICER'S SIGNATURE
TOTAL HOURS	205.00	

13. REVIEW AND ROUTING	
REVIEW COMMENTS AND RECOMMENDATION	
Reviewed the inspection report and the violations found during the inspection. I concur with the recommendation of the IOI for a Viols WL ONLY and No Recall Inspection based on the recommendation of the IOI and that the president of the business has already taken stern measures in terminating two managers and initiating measures to ensure these violations do not occur in the future.	
Based upon a recent change in store management, the establishment of written procedures to ensure compliance with ATF requirements, and the guidance and information provided during the inspection closing conference by IOI (b)(6) a recommendation of a warning letter in lieu of a warning conference is submitted for consideration.	
Viols WL ONLY and No Recall Inspection	
<input checked="" type="checkbox"/> REVIEWED	<input checked="" type="checkbox"/> CONCUR
<input type="checkbox"/> SEE COMMENTS	<input type="checkbox"/> FINAL DISPOSITION
SIGNATURE AND TITLE (b)(6) Area Supervisor	REVIEW DATE 08/31/2016

REVIEW COMMENTS AND RECOMMENDATION	
DIO concur with recommendation of a WL ILO WC. Two violations rise to the level of an administrative action involving a warning letter for violation of 27 CFR 478.124(c)(3)(i) and warning conference for violation of 27 CFR 478.126a. The ownership recently underwent change in store management and written procedures have been established to adhere to regulations.	
Viols WL ONLY and No Recall Inspection	
<input checked="" type="checkbox"/> REVIEWED	<input checked="" type="checkbox"/> CONCUR
<input checked="" type="checkbox"/> SEE COMMENTS	<input checked="" type="checkbox"/> FINAL DISPOSITION
SIGNATURE AND TITLE DDMITCHEL2 - Director, Industry Operations	REVIEW DATE 08/31/2016

ROUTING SEQUENCE AND DATE	
<input type="checkbox"/> 1. _____	CONTROL FILE POSTED DATE _____
<input type="checkbox"/> 2. _____	
<input type="checkbox"/> 3. _____	
<input type="checkbox"/> 4. _____	

## 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 Welsh Pawn Shop, Inc	Street Address 32 E Derenne Ave	City Savannah	State GA	Zip Code 31405-	County Chatham	Page 1 of 4 Pages
License/Permit/Registry Number <i>(If any)</i> 158051027C17724		Expiration Date 3/1/2017	Date(s) or Period of Inspection 06/13/2016 through 07/05/2016			

### Inspection Results

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

Number: 1

#### Nature of Violation:

Licensee failed to properly maintain the Firearms Acquisition and Disposition Record in that a total of (b)(3) 112 Public Law 55 125 discrepancies, (b)(3) 112 Public Law 55 125 firearms transferred and not recorded as dispositions and (b)(3) 112 Public Law 55 125 firearm recorded as a duplicate entry) were not properly posted to the record. For the (b)(3) 112 Public Law 55 125 firearms transferred and not recorded as dispositions (b)(3) 112 Public Law 55 125 firearms were transferred to FFL Welsh Pawn Shop Inc., Rincon, GA, FFL # 1-58-40017, (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

#### Date Corrections to be Made:

*(If not corrected immediately)*

#### Corrective Action to be Taken:

*(If not corrected immediately)*

(b)(3) 112 Public Law 55 125 firearms identified as being transferred were posted to the acquisition and disposition record during the field inspection and the (b)(3) 112 Public Law 55 125 firearm which had been posted twice was voided in the record.

Citation: 27 CFR 478.125(e)



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Name of Proprietor Welsh Pawn Shop, Inc	Street Address 32 E Derenne Ave	City Savannah	State GA	Zip Code 31405-	County Chatham	Page 2 of 4 Pages
License/Permit/Registry Number (If any) 158051027C17724	Expiration Date 3/1/2017	Date(s) or Period of Inspection 06/13/2016 through 07/05/2016				

### Inspection Results

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

Number: 2

#### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of 1,414 forms were examined with (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) forms containing errors and/or omissions. Examples related to this violation:

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

#### Date Corrections to be Made:

(If not corrected immediately)

#### Corrective Action to be Taken:

(If not corrected immediately)

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

Citation: 27 CFR 478.21(a)

Number: 3

#### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of 1,414 forms were examined with (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) form containing errors and/or omissions. Example related to this violation:

(b)(3) 112 Public Law 55 125 STAT 552

#### Date Corrections to be Made:

(If not corrected immediately)

#### Corrective Action to be Taken:

(If not corrected immediately)

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

# 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 Welsh Pawn Shop, Inc	Street Address 32 E Derenne Ave	City Savannah	State GA	Zip Code 31405-	County Chatham	Page 3 of 4 Pages
License/Permit/Registry Number <i>(If any)</i> 158051027C17724		Expiration Date 3/1/2017	Date(s) or Period of Inspection 06/13/2016 through 07/05/2016			

## Inspection Results

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

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

**Number:** 4

### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of 1,414 forms were examined with forms containing errors and/or omissions. Examples related to this violation:

(b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

### Date Corrections to be Made:

*(If not corrected immediately)*

### Corrective Action to be Taken:

*(If not corrected immediately)*

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

**Citation:** 27 CFR 478.124(c)(4)



U.S. Department of Justice

Bureau of Alcohol, Tobacco, Firearms and Explosives

Report of Violations

Instructions

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Name of Proprietor Welsh Pawn Shop, Inc	Street Address 32 E Derenne Ave	City Savannah	State GA	Zip Code 31405-	County Chatham	Page 4 of 4 Pages
License/Permit/Registry Number (If any) 158051027C17724		Expiration Date 3/1/2017	Date(s) or Period of Inspection 06/13/2016 through 07/05/2016			

Inspection Results

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

Number: 5

Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of 1,414 forms were examined with (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) form containing errors and/or omissions. Example related to this violation: (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

Citation: 27 CFR 478.124(c)(5)

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

Number: 6

Nature of Violation:

Licensee failed to timely prepare and submit ATF Form 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers, on (b)(3) 112 Public Law 55 125 STAT 552 (b)(6) occasions as follows: (b)(3) 112 Public Law 55 125 STAT 552 (b)(6)

Citation: 27 CFR 478.126a

Date Corrections to be Made:

(If not corrected immediately)

Corrective Action to be Taken:

(If not corrected immediately)

Corrected During Inspection. Licensee is instructed to complete the ATF Form 3310.4 in situations when two (2) or more handguns are purchased or obtained at the same time or within five (5) consecutive business days of the licensee's operations. This requirement does not apply in pawn redemptions and/or gunsmith activity returns when the firearm(s) are returned to the same party from whom received.

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

Date

Signature and Title of ATF Officer

215

Date

For Official Use Only

ATF E-Form 5030 5  
Revised April 2005



U.S. Department of Justice

Bureau of Alcohol, Tobacco,  
Firearms and Explosives

Macon, Georgia 31210

September 1, 2016

www.atf.gov

760556 (b)(6)  
5300

CERTIFIED MAIL

Mr. Eric Richman, President  
Welsh Pawn Shop, Inc.  
32 E Derenne Avenue  
Savannah, GA 31405

FFL # 1-58-051-02-7C-17724

Dear Mr. Richman:

During a recent compliance inspection at your firearms business covering the period of June 13, 2015 through June 11, 2016, you were cited for violations of 27 Code of Federal Regulations, Part 478. A copy of the ATF Form 5030.5, Report of Violations, explaining your violations was issued at the time of the inspection.

The violations were fully explained to you by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Investigator (b)(6). You indicated that you understood the requirements of the firearms laws and regulations. You further indicated 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 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, 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.



Welsh Pawn Shop, Inc., 1-58-17724

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

Sincerely yours,

(b)(6)

Area Supervisor

c: Federal Firearms Licensing Center  
Atlanta Field Division

# FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
**Trade Name:**

**UI#:** 760555-2016-0031-B1B  
**FFL#:** 1-58-051-02-7C-17724

**Address:** 32 E Derenne Ave  
Savannah, Chatham County, GA 31405

## 1 - Introduction

### Inspection Profile:

Industry Operations Investigators (IOIs) (b)(6) (b)(6), and Lead Investigator (b)(6), conducted a Pawnbroker Recall Disposition Emphasis (DE) Firearms Compliance Inspection on Welsh Pawn Shop, Inc., 32 E Derenne Ave, Savannah, Chatham County, Georgia, 31405, commencing on June 13, 2016. The assignment was conducted in accordance with special instructions listed on ATF EF 5700.14, Assignment and Report, and no advance notification was provided to the licensee. The inspection period for this assignment covered the time period of June 13, 2015 through June 11, 2016, and the field inspection was concluded on July 5, 2016.

Mr. Eric Richman, Corporation President and FFL Responsible Person, and Mr. John Fahning, General Manager and FFL Responsible Person, were present and interviewed during the inspection. Mr. Richman was identified through examination of his State of California Driver's License in the name of Eric Nathan Richman, Operator's License Number (b)(6) and Mr. Fahning was identified through examination of his State of Georgia Driver's License in the name of John Ray Fahning, Operator's License Number (b)(6).

On June 8, 2016, notification of the pending inspection was made to (b)(6) (b)(6), Resident Agent in Charge, Savannah Field Office, to determine if the inspection would compromise any ongoing investigation or if there was information that should be provided to IOI (b)(6). No derogatory information was provided.

### Business Profile:

Welsh Pawn Shop, Inc., has held their Federal Firearms License since March 31, 1982, and actively operates as a Pawnbroker in firearms. The licensee utilizes the internet website [www.welshpawn.com](http://www.welshpawn.com) to promote its pawn and firearms business.

The licensee offers limited gunsmith services, does not participate in gun shows, and there are no offsite storage locations. The licensee is registered with the State of Georgia Department of Revenue for sales tax collection and is located in a strip mall within a commercially zoned area of the city limits of



## FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
**Trade Name:**

**UI#:** 760555-2016-0031-B1B  
**FFL#:** 1-58-051-02-7C-17724

Savannah, GA. The licensee is affiliated with the following two (2) Federal Firearms Licenses:

Welsh Pawn Shop Inc.  
586 Unit 10 S Columbia Ave  
Rincon, GA 31326  
FFL # 1-58-40017

Welsh Pawn Shop Inc.  
3200 Skidaway Rd  
Savannah, GA 31404  
FFL # 1-58-37055

The licensee does not engage in any other business activities.

The licensee was found to have 343 firearms in inventory upon commencement of the inspection.

The licensee acquired approximately (b)(4) firearms during the inspection period as follows:

New Handguns:	(b)(4)	Used Handguns:	(b)(4)
New Long Guns:	(b)(4)	Used Long Guns:	(b)(4)

Total Acquisitions: (b)(4) (b)(4) Handguns and (b)(4) Long Guns).

The licensee's primary suppliers for new firearms are (b)(4), (b)(4) while used firearms are acquired from the general public in pawn transactions or as a trade in toward the purchase of a firearm.

The licensee disposed approximately (b)(4) firearms during the inspection period as follows:

New Handguns:	(b)(4)	Used Handguns:	(b)(4)
New Long Guns:	(b)(4)	Used Long Guns:	(b)(4)

Total Dispositions: (b)(4) (b)(4) Handguns and (b)(4) Long Guns).

The licensee's estimated percentage of business is comprised of the following:

Retail Transactions:	(b)(4)	New Firearms:	(b)(4)
Pawn Transactions:	(b)(4)	Used Firearms:	(b)(4)
Gunsmith Activity:	(b)(4)		

# FIREARMS INSPECTION REPORT

Name: Welsh Pawn Shop, Inc.  
Trade Name:

UI#: 760555-2016-0031-B1B  
FFL#: 1-58-051-02-7C-17724

## Ownership and Control:

Welsh Pawn Shop, Inc., is a Domestic Limited Liability Company which has been registered with the State of Georgia Secretary of State since June 9, 1980, **(Reference Exhibit 1)**. The Federal Licensing System (FLS) Database accurately reflects Mr. Eric Richman as the Corporation President. In addition, a Mr. John Ray Fahning serves as the General Manager and responsible person under the license; however, he does not maintain any position under the established corporation.

During the course of the field inspection it was determined that a **(b)(6)** **(b)(6)** had served as the General Manager and responsible person under the Federal Firearms License and had been terminated from the company. IOI **(b)(6)** instructed Mr. Richman to prepare correspondence to ATF's Federal Firearms Licensing Center requesting **(b)(6)** removal as a responsible person from the license and Mr. Richman stated that he would do so in the near future.

## Variance:

The licensee did not request a variance. Current operations do not necessitate the need for a variance; however, the licensee was instructed on how to contact ATF and apply for a variance if future operations should vary from normal regulatory practices.

## 2 - Recommendation

A Report of Violations was issued and a recommendation of a Warning Letter and No Recall Inspection in lieu of a warning conference is submitted for consideration based upon the following facts and findings:

The current inspection disclosed a total of six (6) violations with all six (6) violations being repeat or similar in nature from a September 17, 2014 compliance inspection. Two (2) of the cited violations, Violation # 1 – 27 CFR 478.125(e) and Violation # 2 – 27 CFR 478.21(a), did not meet the required number of instances to warrant administrative action. One (1) of the cited violations, Violation # 3 – 27 CFR 478.124(c)(3)(i), involving errors and/or omissions on **(b)(3) - 112 Public L** ATF Form 4473, (0.1% error rate), would warrant a warning letter. **(b)(3) - 112 Public L** of the cited violations, Violation # 4 – 27 CFR 478.124(c)(4) and Violation # 5 – 27 CFR 478.124(c)(5) are violations not captured under the current Firearms Administrative Action Policy. The remaining violation, Violation # 6 – 27 CFR 478.126a involving failure to timely prepare and submit the Report of Multiple Sales or Other Disposition of Pistols and Revolvers, ATF Form 3310.4, in **(b)(3) - 112 Public L** instances, would warrant a warning conference.



# FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
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**UI#:** 760555-2016-0031-B1B  
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The September 2014 compliance inspection previously mentioned resulted in a warning conference being held on February 26, 2015 based upon other violations than those cited during the current inspection. A warning letter is further recommended under the current inspection due to the following circumstances:

1. The licensee's employees were distracted in ensuring ATF compliance based upon former management employees failing to perform their assigned duties within company standards, including their obligation to ensure that all employees and themselves adhere to ATF laws and regulations. The two (2) former management employees, with responsibilities to oversee firearm transaction activities, were terminated during the inspection review period based upon an extra marital affair between themselves, failure to ensure that ATF requirements are met, and the misrepresentation and falsification of internal company (store) records. The licensee has since filed criminal charges against the former management employees for theft by deception and a trial date is pending before the Chatham County, Georgia State Court, Savannah, Georgia.
2. Corporation President Eric Richman has since established "written procedures" for employees to follow in regard to ATF compliance requirements, including a mandate that all Welsh Pawn Shop locations will conduct a firearms inventory every ninety (90) days, procedures to be followed prior to transferring a firearm, and the policy of "consequences" for disciplinary action, including possible dismissal, if it is determined that an employee has been found to have five (5) or more ATF recordkeeping errors per year. **(Reference Exhibit # 2).**
3. The licensee's current inspection warrants a warning conference based solely upon cited Violation # 6 – 27 CFR 478.126a – Failure to timely prepare and submit the Report of Multiple Sales or Other Disposition of Pistols and Revolvers, ATF Form 3310.4, in (b)(3) - 112 Public L instances. The licensee's failure to comply with the regulation in (b)(3) - 112 Public L instances just did exceed the "threshold" for administrative action of a warning conference versus a warning letter.

Based upon a recent change in store management, the establishment of written procedures to ensure compliance with ATF requirements, and the guidance and information provided during the inspection closing conference by IOI (b)(6) a recommendation of a warning letter in lieu of a warning conference is submitted for consideration.

### **3 - Inspection History**

Inspection disclosed that this licensee has been licensed as a Type 02 (Pawnbroker) Federal Firearms Licensee since March 31, 1982, and this was the eleventh (11<sup>th</sup>)

## FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
**Trade Name:**

**UI#:** 760555-2016-0031-B1B  
**FFL#:** 1-58-051-02-7C-17724

compliance inspection conducted. A synopsis of the licensee's compliance history for an approximate five (5) years period of time follows:

**Date of Inspection:** 09/17/2014  
**Type of Inspection:** Pawnbroker Recall Disposition Emphasis (DE) Compliance  
Inspection conducted by IOI(b)(6)  
**UI#:** 760555-2014-0303-B1B  
**Inspection Results:** Violations WC with WL and Recall.  
**Cited Violations:** 27 CFR 478.124(c)(1) – Failure to obtain complete and/or correct information from the transferee on the ATF Form 4473 in (b)(3) – 112 Public Law 55 125 Stat instances.  
27 CFR 478.21(a) – Failure to have the transferee furnish all of the information called for in each form as indicated by the headings on the form and the instructions on or pertaining to the form in (b)(3) – 112 Public Law 55 125 instances.  
27 CFR 478.124(c)(3)(i) – Failure to record the identification document used by the transferee in item 20a of the ATF Form 4473 in (b)(3) – 112 Public Law instances.  
27 CFR 478.126a – Failure to prepare and submit the ATF Form 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers, in (b)(3) – 112 Public Law instance.  
27 CFR 478.124(c)(3)(iv) – Failure to record all required information on the ATF Form 4473 pertaining to NICS checks in (b)(3) – 112 Public Law instances.  
27 CFR 478.124(c)(4) – Failure to identify the type firearm on the ATF Form 4473 in (b)(3) – 112 Public Law instances.  
27 CFR 478.124(c)(5) – Failure to record all required information on the ATF Form 4473 of the person transferring the firearm in (b)(3) – 112 Public Law instances.  
27 CFR 478.131(a)(2) – Failure to record all required information on the ATF Form 4473 from the valid concealed weapons permit that was used as an exemption for the NICS background check in (b)(3) – 112 Public Law instances.  
27 CFR 478.99(c) – Failure to prevent the transfer of a firearm to an individual where reasonable cause existed on the ATF Form 4473 to believe the person is prohibited from purchasing a firearm in (b)(3) – 112 Public Law instances.  
27 CFR 478.129(b) – Failure to maintain the ATF Form 4473 in (b)(3) – 112 Public Law instances for individuals denied a firearm through a NICS background check.  
27 CFR 478.125(e) – Failure to record the acquisition information for (b)(3) – 112 Public Law firearms received into inventory and

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the disposition of (b)(3) - 112 Public Law 55 125 Stat 552 firearms transferred from inventory into the acquisition and disposition record.

**Date of Inspection:** 09/19/2011  
**Type of Inspection:** Pawnbroker Disposition Emphasis (DE) Compliance  
Inspection conducted by IOI (b)(6)  
**UI#:** 771055-2011-0286-B1B  
**Inspection Results:** Violations DIO (or Delegate) Held WC ILO Revocation.  
**Cited Violations:** 27 CFR 478.125(e) – Failure to properly maintain the Acquisition and Disposition (A&D) Records in that a total of (b)(3) - 112 Public Law 55 125 Stat 552 ) discrepancies were noted (b)(3) - 112 Public Law 55 125 Stat 552 instances of not recording firearms disposition information and (b)(3) - 112 Public Law instances of not recording firearms acquisition information).  
27 CFR 478.124(c)(3)(i) – Failure to record sufficient valid government issued identification on the ATF Form 4473 to verify the residence address provided by the transferee in (b)(3) - 112 P instances.

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

The licensee maintains the required Acquisition and Disposition (A&D) records in the bound book format. IOIs (b)(6) and (b)(6) conducted a 100% physical inventory revealing a total of 343 firearms while the A&D records books totaled (b)(3) - 112 P firearms.

Reconciliation efforts during the field inspection disclosed the licensee's failure to timely and properly maintain the record in that (b)(3) - 112 Public Law 55 125 Stat ) discrepancies were noted. (Reference Violation 1, Worksheet 1, Inventory and A&D Review Worksheet).

### Inventory Analysis:

(b)(3) - 112 P  
(b)(3) - 112 P  
Open Entries  
Untimely Dispositions to various Identified Transferee's  
Untimely Dispositions (b)(3) - 112 Public Law 55 125 Stat 552  
Untimely Disposition (b)(3) - 112 Public Law 55 125 Stat 552  
Duplicate Entry Posting  
Untimely Disposition to an out-of-state Federal Firearms Licensee (b)(3) - 112 Public Law 55 125 Stat 552  
Untimely Dispositions to former pawnshop employees  
Reconciled to the A&D Record  
-343 Firearms in Physical Inventory  
0



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The licensee failed to record the disposition of sixty two (62) firearms in the A&D Record as follows:

(b)(3) - 112 Public Law 55 125 Stat 552 Dispositions Reconciled Per Transfers to Individual Transferee's:

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



(b)(3) - 112 Public Law 55 125 Stat 552 Dispositions Reconciled to Welsh Pawn Shop (FFL # 1-58-40017):

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



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



(b)(3) - 112 Public Law 55 125 Stat 552  
Disposition Reconciled to Welsh Pawn Shop (FFL # 1-58-37055):

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

(b)(3) - 112 Public Law 55 125 Stat 552  
Disposition Reconciled Based upon Duplicate Entry Posting:

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

(b)(3) - 112 Public Law 55 125 Stat 552  
Disposition Reconciled to an out-of-state Federal Firearms Licensee:

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

(b)(3) - 112 Public Law 55 125 Stat 552  
Dispositions Reconciled Per Transfers to Former Employees:

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

Remarks:

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

\*\*= Firearm transferred to (b)(6)  
Mr. Richman stated (b)(6)

Mr. Richman explained that (b)(6) had expressed an interest in purchasing the firearm in the middle part of January 2015 and placed it on layaway along with a deposit on January 19, 2015. Mr. Richman added that (b)(6) made payments for the firearm on January 21, 2015, February 5, 2015, and February 14, 2015, and that he is under the impression (b)(6) "pre-completed" an ATF Form 4473 during the February 14, 2015 payment with the date "February 23, 2015" in anticipation of obtaining the firearm on that date. (Reference Exhibit # 3). Mr. Richman provided a copy of the stores internal computerized record system depicting the initial layaway status, subsequent payments, as well as a final payment and "layaway pickup" for the firearm on February 18, 2015. (Reference Exhibit # 4). Mr. Richman stated that he is "highly confident" (b)(6) took possession of the firearm after her last payment on February 18, 2015, and failed to ensure the ATF Form 4473 reflected correct and thorough information.

\*\*\*= Firearm transferred to (b)(6) Mr. Richman stated that (b)(6)

Mr. Richman added that he was extremely angered and disappointed with (b)(6) as he had worked for him for over thirty (30) years and that it had also become evident (b)(6) was involved in purchasing firearms at prices "way below cost" for his personal collection and misrepresenting within the stores internal computer records the purchaser name to be either a (b)(6). Mr. Richman stated that to the best of his knowledge and research (b)(6) always provided "truthful information" on ATF required records. Mr. Richman added that the Smith & Wesson firearm was purchased by (b)(6) on April 13, 2015, and apparently was inadvertently left off of the ATF Form 4473. Mr. Richman stated that he based this information on locating the Smith & Wesson pistol as being sold to (b)(6) in the stores internal computer records along with (b)(3) - 112 Public Law additional handguns on April 16, 2015 (Reference Exhibit # 5) and then being able to locate an ATF Form 4473 dated April 13, 2015, in the name of (b)(3) - 112 Public Law 55 125 Stat 552 listed within the internal store records to (b)(3) - 112 Public Law 55 125 Stat 552." (Reference Exhibit # 6). Mr. Richman stated that once he had discovered the falsification of the internal store records involving transfers to (b)(6) he telephoned (b)(6) and inquired as to the difference in purchaser name within the internal store records and (b)(6) name on the ATF Form 4473. Mr. Richman stated that (b)(6) "chalked it up as a mistake" and would "come by the next day to take care of things." Mr. Richman added that Mr.



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(b)(6) did in fact come to the store and returned a total of thirteen (13) guns to include the three (3) listed on (b)(6) ATF Form 4473 (Reference Exhibit # 6); however, the Smith & Wesson pistol believed to have been "inadvertently left off" of the ATF Form 4473 was not one of them. (b)(6)

Based upon these facts and findings, IOI (b)(6) instructed Mr. Richman to "log out" the Smith & Wesson Pistol to (b)(6) in the A&D records book and this was accomplished during the field inspection. The original ATF Form 4473 discussed is in the custody of the Savannah Chatham Metropolitan Police Department (SCMPD), Savannah, GA, for evidence purposes and Exhibit # 6 is a "copy of a copy." IOI

(b)(6) and the original ATF Form 4473 has been returned to notify IOI (b)(6) so that arrangements can be made to add the Smith & Wesson pistol to the form or an attachment document be stapled to the form detailing the identification of the transferee, if attainable. In addition, any revisions deemed necessary to the ATF Form 3310.4, Report Of Multiple Sale or Other Disposition of Pistols and Revolvers, will be made at that time.

All A&D Book and inventory discrepancies were accounted for and corrected during the field inspection. The licensee recorded the correct disposition information by transferee name, licensee name, etc., as well as the corresponding transfer date for (b)(3) - 112 P (b)(3) - 112 Public Law 55 125 Stat 552) firearms. (b)(3) - 112 Public Law 55 125 Stat 552) remaining firearm which was determined to be a duplicate entry was voided in the record.

Additional work steps completed during the inspection involved the selection of (b)(3) - 112 P (b)(3) - 112 Public Law 55 125 Stat 552) firearms dispositions to verify proper posting information. (b)(3) - 112 P (b)(3) - 112 Public Law 55 125 Stat 552) firearms were selected from the acquisition and disposition records and compared to ATF Forms 4473 and (b)(3) - 112 Public Law 55 125 Stat 552) firearms from ATF Forms 4473 were selected and compared to the acquisition and disposition records with no discrepancies noted.

The licensee reported the loss of (b)(3) - 112 Public Law 55 125 Stat 552) firearms during the inspection period to the Savannah Chatham Metropolitan Police Department, Savannah, GA, and ATF. Specifically, the licensee noted the loss of (b)(3) - 112 Public Law 55 125 Stat 552)

(b)(3) - 112 Public Law 55 125 Stat 552) while conducting a store inventory on September 28, 2015. Mr. Fahning noted the (b)(3) - 112 Public Law 55 125 Stat 552) firearms as "missing" from inventory and reported the incident to the Savannah Chatham Metropolitan Police Department (SCMPD) and the ATF Stolen Firearms Program Branch on the same date, September 28, 2015. Mr. Fahning timely prepared and submitted the required Federal Firearms Licensee Firearms Inventory Theft/Loss Report, ATF Form 3310.11, and ATF Incident (b)(3) - 112 Public Law 55 125 Stat 552) was subsequently assigned in regard to this incident.



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(Reference Exhibit # 7). During the compliance inspection the Savage Arms rifle bearing serial number (b)(6) was located within the physical inventory and IOI (b)(6) instructed Mr. Fahning to notify the ATF Stolen Firearms Program and the SCMPD of the discovery as well as reenter the firearm into the acquisition and disposition record. Mr. Fahning provided notification to the ATF Stolen Firearms Program by typing correspondence and transmitting it in the presence of IOI (b)(6) via an Email message. (Reference Exhibit # 8). Mr. Fahning advised that he later telephoned the SCMPD to provide notification of the discovery of the firearm. The licensee has not been the subject of any thefts during the inspection period.

No trafficking issues were noted as a result of the review of the acquisition and disposition records and no illegal firearms (i.e. unregistered short barrel rifles or shotguns, obliterated serial numbers, missing identification marks, etc.) were noted during the field inspection.

The licensee's standard operations procedures relevant to the acquisition and disposition records and inventory accountability were found to be deficient. Mr. Richman advised that all employees are aware of the requirement to timely record firearms acquisition and disposition information and that he had tasked former General Manager (b)(6) (b)(6) as well as former Firearms Manager (b)(6), with the responsibility of ensuring that all employees comply with this requirement. Mr. Richman stated that after a 2014 ATF inspection of the Derenne Avenue store location he verbally mandated that all Welsh Pawn Shop stores conduct "interim ATF style firearms recordkeeping audits" and that he had been under the impression this was being accomplished. Mr. Richman stated that in the early part of April 2015 he became aware of an extramarital affair between (b)(6) over their responsibilities as management employees of Welsh Pawn Shop which also attributed to what Mr. Richman defined as an "unsatisfactory inspection." Mr. Richman stated that he had also discovered incidents of falsification of the company's internal store records by both (b)(6)

(b)(6) questioned if any ATF records had been or may have been misrepresented and/or falsified by either (b)(6) and Mr. Richman replied "No, and I had thought about that as well - I think they were smart enough not to go there." Mr. Richman stated that he had determined incidents of firearms being transferred to (b)(6) with proper postings to the ATF Form 4473 and the ATF acquisition and disposition records and (b)(6) had listed these firearms as being transferred within the stores internal computerized system to the fictitious individuals (b)(6) along with a fictitious Savannah, GA address that did not exist. Mr. Richman and Mr. Fahning provided



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examples of the company's internal store records reflecting transfers to (b)(6) and (b)(6) by displaying the information from a computer monitor to IOI (b)(6) with comparison to ATF Forms 4473 and the ATF acquisition and disposition records with no discrepancies noted in regard to the ATF required records.

On July 12, 2016, Mr. Richman telephoned IOI (b)(6) from his residence in Corona Del Mar, CA, and stated that he had been "thinking things over" and was "highly embarrassed and disappointed" in regard to the recent inspection findings. Mr. Richman apologized for the inspection findings and stated "just about every day you will find an article or TV broadcast about someone being injured or killed by a gun and my stores want to do their part in complying with the laws." Mr. Richman added he was in the process of establishing "written procedures" which he would require each employee to sign and acknowledge and that he was contemplating an "allowance of five (5) errors per employee each year" in regard to ATF recordkeeping requirements, and that any employee found to have five (5) or more errors per year would be subject to disciplinary action, including possible dismissal. Mr. Richman stated that he obviously would like to see "no errors" on behalf of his employees and that they will strive to do so; however, he doesn't know if this would be possible based upon "human error" as well as the "large number of transactions conducted" at his stores, especially the Derrne Avenue location. Mr. Richman stated that he wanted to convey his concerns to IOI (b)(6) that he doesn't take the recent inspection results lightly, and that he would be preparing correspondence to IOI (b)(6) attention as to new procedures his stores would soon be implementing.

On July 20, 2016, IOI (b)(6) received correspondence from Mr. Richman via the United States Postal Service. Mr. Richman states in the correspondence, in summary, his acceptance of responsibility for the recent inspection results, a policy of having all Welsh Pawn Shop locations conduct a firearms inventory every ninety (90) days, procedures to be followed prior to transferring a firearm, the policy of "consequences" for errors made in bookkeeping required by the ATF, etc. In addition, Mr. Richman provided a copy of the "new procedures" that is to be signed by each employee which is to be implemented as a result of the July 2016 compliance inspection. **(Reference Exhibit # 2).**

On July 21, 2016, IOI (b)(6) telephoned Mr. Richman in regard to his recently received correspondence and discussed various topics concerning ATF compliance requirements. IOI (b)(6) suggested that Mr. Richman provide periodic training to his employees in regard to ATF compliance matters, take sufficient time to ensure ATF forms and acquisition and disposition records are properly completed, ensure an accurate firearms inventory, and for him and his employees to contact ATF for guidance if a future situation should raise concerns and/or questions. The call was concluded with Mr. Richman apologizing for the recent inspection violations and his assurance that he and his employees will "do their part" to ensure future compliance.

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

A total of (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) ATF Forms 4473 were found to have been executed during the inspection period. This review revealed various errors and/or omissions on behalf of the licensee, as well as the transferee.

A summary of inspection findings follow:

Licensee failed to complete, and/or have properly completed by the Transferee (Buyer) ATF Form 4473 prior to delivery of firearms on (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) forms according to the provisions of 27 CFR 478.21(a). (Reference Violation 2, Exhibit 9: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

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

Licensee failed to complete, and/or have properly completed by the Transferee (Buyer) ATF Form 4473 prior to delivery of firearms on (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) form according to the provisions of 27 CFR 478.124(c)(3)(i). (Reference Violation 3, Exhibit 10: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) # 20a was BLANK).

Licensee failed to complete, and/or have properly completed by the Transferee (Buyer) ATF Form 4473 prior to delivery of firearms on (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) forms according to the provisions of 27 CFR 478.124(c)(4). (Reference Violation 4, Exhibit 11: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) Item #'s 26, 27, 28, 29, and 30 were BLANK, and (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) Item #'s 26, 27, 28, 29, and 30 were BLANK).

Licensee failed to complete, and/or have properly completed by the Transferee (Buyer) ATF Form 4473 prior to delivery of firearms on (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) form according to the provisions of 27 CFR 478.124(c)(5). (Reference Violation 5, Exhibit 12: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) Item #'s 34 and 36 were BLANK).

Licensee failed to timely prepare and submit ATF Form 3310.4 (Report of Multiple Sale or Other Disposition of Pistols and Revolvers) on (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) occasions according to the provisions of 27 CFR 478.126a. (Reference Violation 6, Exhibit 13: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

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

The licensee maintains the ATF Forms 4473 in alphabetical and chronological order. Transfers to other Federal Firearms Licensees were noted and the licensee ensures they



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have a current copy of the transferee's Federal Firearms License prior to delivery of firearm(s). There were no transfers to law enforcement officers or law enforcement agencies through the presentation of department letterhead stationery. No trafficking issues were identified during the forms review.

A National Instant Criminal Background Check System (NICS) audit log covering the Non-Denied Status Date Range of April 9, 2016 through June 8, 2016, revealed seventy nine (79) proceed transactions, two (2) delayed transactions, and (b)(3) - 112 Public Laws open transactions. Thirty five (35) denied transactions had occurred during the inspection period (June 13, 2015 through June 11, 2016) and all were accounted for per examination of the related ATF Forms 4473. **(Reference Exhibit # 14)**. ATF Forms 4473 associated with denials, no sales, etc., are maintained in chronological order separate from the ATF Forms 4473 where transactions take place.

No discrepancies were noted in comparing the NICS audit log with the ATF Forms 4473.

The licensee's standard operations procedures relevant to the completion of the ATF Form 4473 were found to be deficient. Mr. Richman advised that all employees are aware of the requirement to ensure a proper and thoroughly prepared ATF Form 4473 as well as reporting of multiple handgun dispositions when necessary and that he had tasked former General Manager (b)(6), as well as former Firearms Manager (b)(6) with the responsibility of ensuring that all employees comply with this requirement. Mr. Richman added that his employees were distracted based upon the two (2) former management employees failing to perform their assigned duties within company standards, including their obligation to ensure that all employees and themselves adhere to ATF laws and regulations. Mr. Richman stated that he had terminated (b)(6) employment with the company and that he is confident the removal of the former management members from the store will allow his employees to "better focus on ATF matters."

### **6 - Multiple Sales**

An FFL history query profile provided by ATF's Violent Crime Analysis Branch (VCAB) indicated that the licensee had submitted (b)(3) - 112 Public Reports of Multiple Sale or Other Disposition of Pistols and Revolvers, ATF Form 3310.4, for multiple dispositions of handguns for the inspection period. **(Reference Exhibit # 14)**. During the inspection it was noted that the licensee had failed to submit the ATF Form 3310.4 to ATF for an additional (b)(3) - 112 Public occasions involving a total of (b)(3) - 112 Public firearms.

Based upon this finding, the licensee was cited for failure to timely prepare and submit ATF Form 3310.4, according to the provisions of provisions of 27 CFR 478.126a. **(Reference Violation 6, Worksheet 2, Example 13)**.

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## 7 - Suspicious/Prohibited Purchasers

No traffickers, straw purchasers, suspicious and/or prohibited persons were identified during this inspection. This work step was accomplished by searching for frequent transfers of commonly recovered crime guns, multiple purchases by the same person on ATF Forms 4473, etc., with no significant findings.

National Crime Information Center (NCIC) check queries were conducted on thirty three (33) transferees and on responsible persons Eric Nathan Richman and John Ray Fahning with no disabling hits and/or wanted information noted. No referrals were generated as a result of these queries.

## 8 - Trace Activity

The licensee has been the subject of (b)(3) - 112 Public Law 95-125 Stat 552 ) firearms traces during the inspection period per the Violent Crime Analysis Branch (VCAB) report which were successfully accomplished with no field assistance required.

NCIC queries were conducted under the Secondary Market Analysis on seventy five (75) firearms with no wanted "hit" information or suspect gun information identified. In addition, these firearms were queried through the ATF eTrace Database with no indication of a firearms trace history.

No discrepancies were identified in regard to the trace activity with this licensee.

## 9 - NFA/Importer/Collector/Manufacturer

This licensee does not engage in NFA, Importer, Collector, or Manufacturer activities.

## 10 - Referrals

No referrals were generated as a result of this inspection.

## 11 - Other

The licensee is in compliance with the Youth Handgun Safety Act poster requirement as it is clearly posted on a wall near the sales counter and is also compliant in distributing the Youth Handgun Safety Act pamphlet when needed. The licensee ensures that a handgun safety device is included at the time of transfer and no school zone was found to be within a 1,000 foot vicinity of the licensee's business premises.

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## 12 - Closing Actions

A closing conference was held with Mr. John Fahning, General Manager and FFL Responsible Person, on July 5, 2016, with the results of the inspection thoroughly discussed. Mr. Fahning apologized and stated that former General Manager (b)(6)

firearms inventory and ATF required records to ensure that all was well and he felt that this practice was in place until “mishaps” involving the two (2) managers surfaced in and around April 2015. Mr. Fahning added that although (b)(6) failed to monitor firearms transactions and required paperwork, each employee, including himself, should take greater responsibility in inventory accountability and proper forms completion. Mr. Fahning stated that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

The topics of the Acknowledgement of Federal Firearms Regulations were also reviewed and discussed with Mr. Fahning and all questions posed were addressed and answered. Mr. Fahning subsequently signed the regulations reference guide acknowledging the review. **(Reference Exhibit 15)**. In addition, a thorough review of the Report of Violations, ATF Form 5030.5, was conducted with Mr. Fahning and he signed and acknowledged a receipt copy of the violation statement.

Mr. Fahning was provided a listing of ATF Important telephone numbers along with a copy of the ATF pamphlet "Loss Prevention for Firearms Retailers," ATF P 5380.1 IOI (b)(6) encouraged Mr. Fahning to contact ATF with any questions and/or concerns that may develop in the future and he stated that he would do so.

### 13 - Violations

1. **27 CFR 478.125(e)**

**REPEAT OF VIOLATION CITED ON 09/17/2014 and 09/19/2011.**

**Nature of Violation:**

Licensee failed to properly maintain the Firearms Acquisition and Disposition Record in that a total of (b)(3) - 112 Public Law 55 125 Stat 552 discrepancies, (b)(3) - 112 Public Law 55 125 Stat 552 firearms transferred and not recorded as dispositions and (b)(3) - 112 Public Law 55 125 Stat 552 firearm recorded as a duplicate entry) were not properly posted to the record. For the (b)(3) - 112 Public Law 55 125 Stat 552 ) firearms transferred and not recorded as dispositions, (b)(3) - 112 Public Law 55 125 Stat 552 firearms were transferred (b)(3) - 112 Public Law 55 125 Stat 552 Examples: (b)(3) - 112 Public Law 55 125 Stat 552

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

### Licensee's Response:

Mr. John Fahning acknowledged the violation and apologized for the inventory discrepancies. Mr. Fahning advised that former General Manager (b)(6), and former Firearms Manager (b)(6), were supposed to "double check" firearms acquisitions and dispositions within the store and that he felt this practice was in place until "mishaps" involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although (b)(6) were tasked to ensure firearms accountability he realizes that each employee, including himself, should take a greater responsibility in seeing that firearms transactions are properly posted and accounted for. Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

### Corrective Action:

(b)(3) - 112 Public Law 55 125 Stat 552 firearms identified as being transferred were posted to the acquisition and disposition record during the field inspection and (b)(3) - 112 Public Law 55 125 Stat 552 firearm which had been posted twice was voided in the record.

### Reference Worksheet 1.

2. 27 CFR 478.21(a)

REPEAT OF VIOLATION CITED ON 09/17/2014.

### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of (b)(3) - 112 Pub forms were examined with



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(b)(3) - 112 Public L forms containing errors and/or omissions. Examples related to this violation:  
(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

### Licensee's Response:

Mr. John Fahning acknowledged the violation and apologized for the ATF Form 4473 discrepancies. Mr. Fahning advised that former General Manager (b)(6), and former Firearms Manager (b)(6) were supposed to "double check" all ATF required forms and paperwork and that he felt this practice was in place until "mishaps" involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although (b)(6) were tasked to ensure proper ATF forms completion, he realizes that each employee, including himself, should take a greater responsibility in seeing that the forms are properly and thoroughly completed prior to transferring firearm(s). Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

### Corrective Action:

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

### Reference Worksheet 2, Exhibit 9.

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

REPEAT OF VIOLATION CITED ON 09/17/2014 and 09/19/2011.

### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of (b)(3) - 112 Pub forms were examined with (b)(3) - 112 Public L form containing errors and/or omissions. Example related to this violation:  
(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6).

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### Licensee's Response:

Mr. John Fahning acknowledged the violation and apologized for the ATF Form 4473 discrepancy. Mr. Fahning advised that former General Manager (b)(6), and former Firearms Manager (b)(6), were supposed to "double check" all ATF required forms and paperwork and that he felt this practice was in place until "mishaps" involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although (b)(6) were tasked to ensure proper ATF forms completion, he realizes that each employee, including himself, should take a greater responsibility in seeing that the forms are properly and thoroughly completed prior to transferring firearm(s). Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

### Corrective Action:

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

### Reference Worksheet 2, Exhibit 10.

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

### REPEAT OF VIOLATION CITED ON 09/17/2014.

### Nature of Violation:

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of (b)(3) - 112 Pub forms were examined with (b)(3) - 112 Pub forms containing errors and/or omissions. Examples related to this violation: (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

[REDACTED]

### Licensee's Response:

Mr. John Fahning acknowledged the violation and apologized for the ATF Form 4473 discrepancies. Mr. Fahning advised that former General Manager (b)(6), and former Firearms Manager (b)(6), were supposed to "double check" all ATF required forms and paperwork and that he felt this practice was in place until "mishaps"



## FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
**Trade Name:**

**UI#:** 760555-2016-0031-B1B  
**FFL#:** 1-58-051-02-7C-17724

involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although (b)(6) were tasked to ensure proper ATF forms completion, he realizes that each employee, including himself, should take a greater responsibility in seeing that the forms are properly and thoroughly completed prior to transferring firearm(s). Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

### **Corrective Action:**

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

### **Reference Worksheet 2, Exhibit 11.**

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

### **REPEAT OF VIOLATION CITED ON 09/17/2014.**

### **Nature of Violation:**

Licensee failed to complete, and/or have properly completed by the transferee ATF Form 4473 prior to delivery of firearm(s). A total of (b)(3) - 112 Pub forms were examined with (b)(3) - 112 Pub form containing errors and/or omissions. Example related to this violation: Transfer to (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

### **Licensee's Response:**

Mr. John Fahning acknowledged the violation and apologized for the ATF Form 4473 discrepancy. Mr. Fahning advised that former General Manager (b)(6) and former Firearms Manager (b)(6), were supposed to "double check" all ATF required forms and paperwork and that he felt this practice was in place until "mishaps" involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although (b)(6) were tasked to ensure proper ATF forms completion, he realizes that each employee, including himself, should take a greater responsibility in seeing that the forms are properly and thoroughly completed prior to transferring firearm(s). Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

### **Corrective Action:**

The licensee has been instructed in the proper completion of the ATF Form 4473. Ensure future compliance in the completion of this form.

## FIREARMS INSPECTION REPORT

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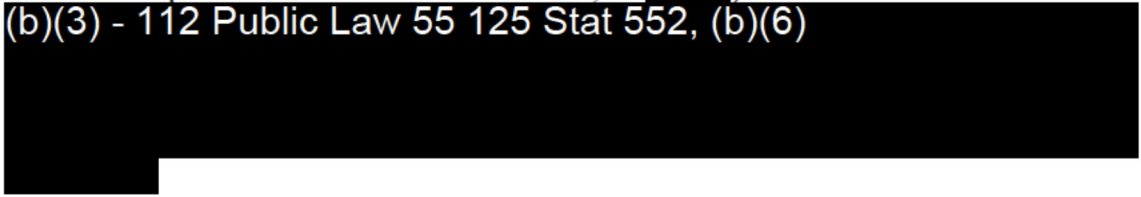
Reference Worksheet 2, Exhibit 12.

6. 27 CFR 478.126a

REPEAT OF VIOLATION CITED ON 09/17/2014.

**Nature of Violation:**

Licensee failed to timely prepare and submit ATF Form 3310.4, Report of Multiple Sale or Other Disposition of Pistols and Revolvers, on (b)(3) - 112 Public occasions as follows: Transfer (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)



**Licensee's Response:**

Mr. John Fahning acknowledged the violation and apologized for the stores failure to submit the multiple sales forms. Mr. Fahning advised that former General Manager (b)(6), and former Firearms Manager (b)(6), were supposed to "double check" firearms transactions in order to detect possible multiple handgun dispositions and that he felt this practice was in place until "mishaps" involving the two (2) managers surfaced in and around April 2015. Mr. Fahning stated that although Mr. (b)(6) were tasked to monitor multiple handgun dispositions he realizes that each employee, including himself, should take a greater responsibility in detecting such transactions and in the completion of the multiple sales report. Mr. Fahning added that he personally will pay closer attention to detail as well as work with each employee to ensure their participation to do the same.

**Corrective Action:**

Corrected During Inspection. Licensee is instructed to complete the ATF Form 3310.4 in situations when two (2) or more handguns are purchased or obtained at the same time or within five (5) consecutive business days of the licensee's operations. This requirement does not apply in pawn redemptions and/or gunsmith activity returns when the firearm(s) are returned to the same party from whom received.

Reference Worksheet 2, Exhibit 13.



# FIREARMS INSPECTION REPORT

Name: Welsh Pawn Shop, Inc.  
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(b)(6)

Industry Operations Investigator

## Index of Worksheets and Exhibits

### WORKSHEETS:

Firearms Inspection Informational Page.  
Worksheet 1 – Firearms Inspection Inventory and A&D Review Worksheet.  
Worksheet 2 – Firearms Inspection – ATF Form 4473 (2012 Edition) Review Worksheet.  
Firearms Inspection Statistical Page.

### Exhibits:

Exhibit 1 – Secretary of State of Georgia Secretary of State Certificate of Registration verifying the establishment and registration of Welsh Pawn Shop, Inc., and a copy of the Corporation's current Annual Registration filed January 20, 2016.

Exhibit 2 – Copy of correspondence prepared by Mr. Eric Richman, Corporation President, addressed to IOI (b)(6) and stating, in summary, his acceptance of responsibility for the recent inspection results, a policy of having all Welsh Pawn Shop locations conduct a firearms inventory every ninety (90) days, the policy of "consequences" for errors, etc. In addition, Mr. Richman provided a copy of the "new procedures" which is being implemented as a result of the July 2016 inspection which will be provided to each employee with each employee required to acknowledge by signing.

Exhibit 3 – Copy of ATF Form 4473 in the name (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) and believed to have been completed on or about February 14, 2015 while the firearm was in a layaway status, that was missing the firearms description information for a (b)(3) - 112 Public Law 55 125 Stat 552

Exhibit 4 – Copy of computerized internal store record depicting the initial layaway status, subsequent payments, as well as a final payment and "layaway pickup" for a (b)(3) - 1

Exhibit 5 – Copy of computerized internal store record depicting the transfer of (b)(3) - 112 Public Law firearms

## FIREARMS INSPECTION REPORT

**Name:** Welsh Pawn Shop, Inc.  
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(b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 6 – Copy of ATF Form 4473 dated (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 7 – Copy of National Tracing Center FFL Theft/Loss Summary obtained through a query of the ATF eTrace Database and associated with the licensee's reporting of (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6) firearms as being missing from inventory on September 28, 2015.

Exhibit 8 – Copy of correspondence prepared by Mr. John Fahning, General Manager, faxed to the ATF Stolen Firearms Program in the presence of IOI (b)(6) with information advising that the Savage Arms rifle bearing serial number (b)(6) reported to ATF as "Missing" on September 28, 2015, had been located during the recent ATF Compliance Inspection.

Exhibit 9 - Copy of ATF Forms 4473 depicting violations of 27 CFR 478.21(a): Transfer to a (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 10 – Copy of ATF Form 4473 depicting a violation of 27 CFR 478.124(c)(3)(i): (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 11 – Copies of ATF Forms 4473 depicting violations of 27 CFR 478.124(c)(4): Transfer (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

Exhibit 12 – Copy of ATF Form 4473 depicting a violation of 27 CFR 478.124(c)(5): Transfer (b)(3) - 112 Public Law 55 125 Stat 552, (b)(6)

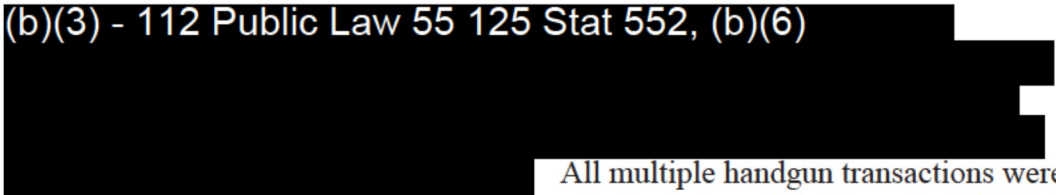
Exhibit 13 – Copies of ATF Form 4473 depicting violations of 27 CFR 478.126a: Transfer of

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



All multiple handgun transactions were conducted without the timely preparation and submission of the Report of Multiple Sale or Other Disposition of Pistols and Revolvers, ATF Form 3310.4.

Exhibit 14 – Copy of National Instant Criminal Background Check System (NICS) Audit Log and the Violent Crime Analysis Branch (VCAB) FFL History Query Profile.

Exhibit 15 – Copy of Acknowledgement of Federal Firearms Regulations signed and dated by Mr. John Fahning, General Manager and FFL Responsible Person, on July 15, 2016.