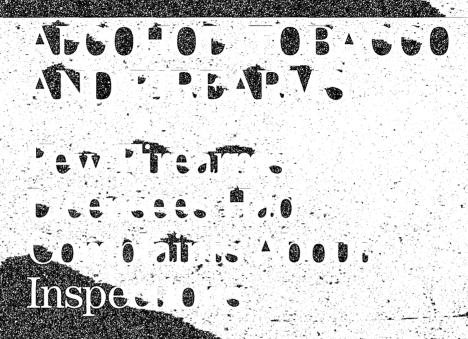
United States General Accounting Office

Being Report to the Parang Vn Member, Subcommittee of Costs Committee on Ways and Meas House of Representatives



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U.S. Department of Justice National Institute of Justice

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U.S. General Accounting Office

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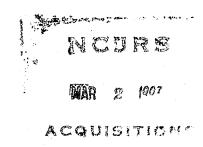
United States General Accounting Office Washington, D.C. 20548

General Government Division

B-250864

October 22, 1992

The Honorable Richard T. Schulze Ranking Minority Member Subcommittee on Oversight Committee on Ways and Means House of Representatives



Dear Mr. Schulze:

This briefing report responds to your request that we survey federally licensed firearms dealers and pawnbrokers who had been inspected by the Bureau of Alcohol, Tobacco and Firearms (ATF). In earlier discussions, you indicated an interest in learning whether complaints your office had received from licensees about ATF compliance activities were common or isolated instances and how ATF generally handled such complaints. The purpose of our survey was to determine (1) whether licensees had encountered problems with ATF's compliance inspections, (2) whether licensees had complained to ATF about their problems, (3) whether those licensees who complained believed ATF had fairly addressed their complaints, and (4) how well licensees believed ATF was carrying out its regulatory responsibilities.

On October 9, 1992, we briefed you on our survey results. This report summarizes the information provided at the briefing.

RESULTS IN BRIEF

ATF headquarters officials said that there have not been many licensee complaints. However, ATF had not developed either (1) a system for recording licensee complaints about inspections or (2) guidelines for area offices to use to address licensee complaints. Officials we contacted at four area offices—Miami, New York, Los Angeles, and Dallas—said that they seldom, if ever, received complaints and that the offices did not have systems to record them. These officials noted that if complaints were received, they would be handled on a case-by-case basis.

Our survey of ATF-inspected licensees found that few licensees complained about inspections. Of the 283 licensees responding to our questionnaire, 26 reported

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having problems with ATF inspections. Of those reporting problems, 15 said the ATF inspectors were able to resolve all their problems. Of the 11 remaining licensees, only 1 complained to higher level ATF officials, and he believed his complaint had been handled very fairly. In addition, only one licensee who complained to an inspector believed his complaint had been handled somewhat unfairly.

Overall, most licensees (76 percent) believed ATF was carrying out its regulatory responsibilities either very or extremely well, while some licensees (17 percent) believed ATF's performance was adequate. On the other hand, some licensees (7 percent) believed ATF was carrying out its responsibilities either marginally or not very well. (See appendix II.)

BACKGROUND

As of April 30, 1992, there were over 281,000 federal firearms licensees. Nine categories of firearms licensees exist, including manufacturers, importers, collectors, pawnbrokers, and dealers. Firearms dealers and pawnbrokers composed 91 percent of the licensee universe. To assist ATF in tracing firearms that are found or recovered from a crime to the individual who last possessed it, federal regulations require licensees to, among other things, keep records of firearms acquisitions and dispositions. These records are to include the names of individuals to whom firearms are sold or transferred. ATF inspects licensees to assure that they are complying with federal laws and regulations or to obtain specific data for ongoing criminal investigations. Compliance inspections are carried out by 37 area offices across the country. In fiscal year 1991, ATF reported that it had made 8,258 compliance inspections of all categories of licensees.

SCOPE AND METHODOLOGY

We talked with compliance officials at ATF headquarters and 4 area offices to (1) determine the extent that licensees have complained about ATF compliance inspections and (2) identify whether ATF had developed a system for handling and tracking complaints it received.

We developed and mailed questionnaires to selected federal firearms dealer and pawnbroker licensees to obtain their views on (1) problems they had encountered with ATF compliance inspections, (2) complaints they had made, (3) the fairness of ATF's responses to their complaints, and (4) their views on how well ATF was performing its regulatory responsibilities.

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Questionnaires were sent on June 24, 1992, to all firearms dealers and pawnbrokers nationwide for whom ATF inspection reports had been filed during April 1992. Our survey universe was 375 licensees. As of September 1, 1992, responses were received from 283 licensees, a 75 percent response rate. Appendix III summarizes the licensees' responses. Our work was done in accordance with generally accepted government auditing standards. Appendix I provides a more detailed discussion of our scope and methodology.

As arranged with you, we are sending copies of this report to interested parties and will make copies available to others upon request.

The major contributors to this report are listed in appendix IV. If you have any questions about this report, please call me on (202) 566-0026.

Sincerely yours,

Harold A. Valentine

Associate Director, Administration

of Justice Issues

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ABBREVIATIONS

ATF Bureau of Alcohol, Tobacco and Firearms

APPENDIX I APPENDIX I

SCOPE AND METHODOLOGY

To obtain the views of federal firearms licensees on ATF compliance inspections, we developed a questionnaire covering such issues as (1) whether licensees had problems with ATF, (2) whether they had complained to ATF about problems encountered, (3) whether their complaints were addressed fairly, and (4) how well they believed ATF was performing its overall regulatory responsibilities. As agreed, we limited the scope of our survey to firearms dealer and pawnbroker licensees because they composed 91 percent of all licensees. We pretested the questionnaire to assure that it covered the appropriate issues and was easily understood.

We asked ATF to provide us with a list of all firearms dealer and pawnbroker licensees nationwide on whom completed inspection reports had been filed in April 1992. We asked ATF to exclude from the list licensees who (1) were subject to criminal investigations and (2) had been inspected under a special program because such inspections were to be abbreviated and thus atypical in scope.

ATF provided us with a list of 421 licensees to whom we mailed survey questionnaires on June 24, 1992. To help obtain candid opinions, we assured questionnaire recipients of anonymity. We subsequently dropped 46 surveyed licensees for various reasons (e.g., they had since gone out of business or their postal forwarding address had expired). Thus, our survey universe was 375 licensees. By September 1, 1992, we had received 283 completed questionnaires—a 75-percent response rate. Because some respondents provided answers that were beyond the scope of certain questions and some answered questions that did not apply to their situations, we interpreted the responses to assure accuracy and consistency. The results apply only to survey respondents and, therefore, are not projectable.

We also discussed whether ATF had a system for dealing with and recording licensee complaints with ATF headquarters officials and officials at 4 of its 37 area offices. We selected the Miami, New York, Los Angeles, and Dallas area offices for geographical diversity and because they are located in four of ATF's five regions.

ATF officials commented on a draft of our briefing and agreed with the results. We did our work from March 1992 through September 1992 in accordance with generally accepted government auditing standards.

SUMMARY RESULTS OF SURVEY OF FIREARMS LICENSEES INSPECTED BY ATF

Objectives

To determine:

- 1. whether licensees had problems with ATF inspections;
- 2. whether they complained to ATF;
- 3. whether they believed ATF addressed the complaints fairly; and

Objectives, cont'd.

4. how well respondents believed ATF was performing its regulatory responsibilities.

Scope and Methodology

- We surveyed firearms dealers and pawnbrokers who made up over 90% of all licensees as of 9/30/91.
- We asked ATF for a list of dealers and pawnbrokers in selected inspection categories on whom ATF had completed and filed inspection reports in April 1992.

Scope and Methodology, cont'd.

- ATF provided a list of 421 licensees from these reports.
- The number of reports filed in the month of April was about average for the fiscal year.
- The survey was made between June 24, and September 1, 1992.

Scope and Methodology, cont'd.

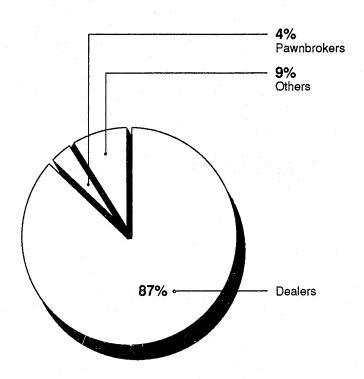
- Of the surveyed licensees, 46 were dropped for various reasons (e.g., 12 licensees had gone out of business). Our final universe was 375 licensees.
- 283 licensees responded to our questionnaire—a 75% response rate.

Scope and Methodology, cont'd.

 Because some respondents did not answer each question, the number of responses varies.
 N = the number of responses to each question.

ATF Licensee Universe As of April 30, 1992

Distribution by license type



Note 1: 281,494 licensees compose the universe.

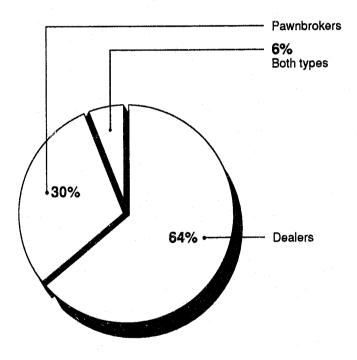
Note 2: Others include manufacturers, collectors, importers, etc.

ATF's Handling of Licensee Complaints

- ATF does not have a formal system for dealing with licensee complaints about inspections.
- Officials at 4 area offices said complaints were rare and their offices did not have systems to record complaints.
- Complaints are handled on a case-by-case basis.

Respondent Characteristics

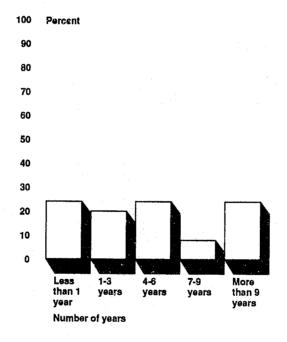
Distribution by license type



APPENDIX II APPENDIX II

Respondent Characteristics, cont'd.

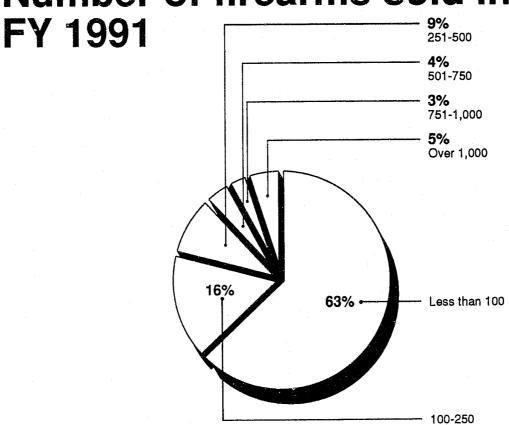
Number of years licenses held



N=282

Respondent Characteristics, cont'd.

Number of firearms sold in



N=280

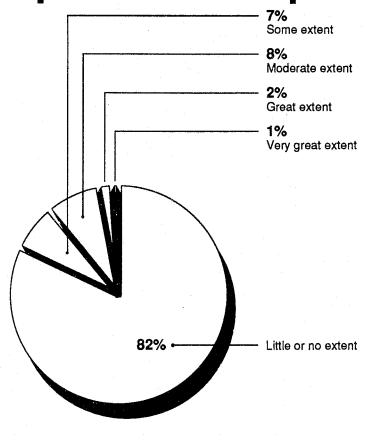
Survey Results: Objective 1

Did firearms licensees have problems with ATF compliance inspections?

APPENDIX II APPENDIX II

Survey Results: Objective 1, cont'd.

Was inspection disruptive?



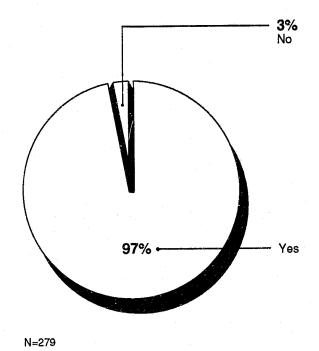
APPENDIX II APPENDIX II

Survey Results Objective 1, cont'd.

Principal reasons for disruption

- Inspection required significant time and/or attention or disrupted normal business conduct, e.g., unable to attend to customers (33 responses).
- Inspection was unannounced (4 responses).

Was inspector professional?



Was licensee informed of violations or errors? (N = 277)

• 76% answered yes.

Did licensee agree or disagree with findings? (N = 278)

- 90% completely or mostly agreed.
- 7% had no opinion.
- 3% completely or mostly disagreed.

Anything praiseworthy about the inspectors? (N = 275)

 43% believed the inspectors deserved praise for various reasons.

Analysis of 114 praiseworthy comments

 Respondents most frequently praised the inspectors' knowledge, courteous or helpful demeanor or actions, and professionalism.

Did licensee have specific problems with inspection? (N = 279)

- 249 (89%) did not have specific problems with the inspection.
- 26 (9%) said they had specific problems with the inspection.

Did licensee have specific problems with inspection? (cont'd.)

 4 (2%) identified problems or opinions not relevant to the question and were not counted in subsequent survey results.

Principal problems related by licensees

- Inspectors' attitudes (6).
- Received no notification of the inspection (4).
- Inspector too zealous (3).

Were licensee's specific problems resolved?

Of 26 respondents:

- 15 said the inspector resolved all problems.
- 11 said the inspector did not resolve all problems.

Survey Results: Objective 2

If respondents had problems, did they complain to ATF?

Did licensee complain to ATF? (N = 11)

- 5 did not complain to anyone.
- 1 complained to his or her congressional representative as well as others but not to ATF.

- 4 complained to the inspectors.
 - 1 also complained to his or her attorney and congressional representative.
- 1 complained to an ATF regional office and ATF's headquarters as well as others.

Survey Results: Objective 3

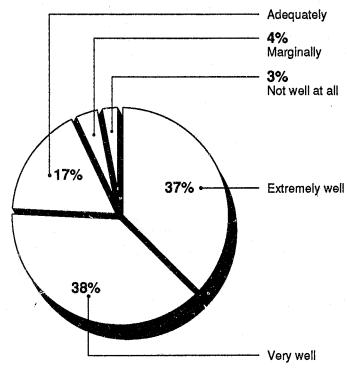
How fairly did licensees believe ATF handled their problems?

- Of the 4 respondents who complained to ATF inspectors, only 1 believed his complaint was handled somewhat unfairly.
- The 1 respondent who complained beyond the inspector to ATF headquarters and a regional office believed his complaint was handled very fairly.

Survey Results: Objective 4

How well did respondents believe ATF was performing its regulatory responsibilities?

How well is ATF performing overall?



N=276

Note: Percentages do not add to 100 due to rounding.

Survey Conclusions

- Few licensees had problems with ATF inspections.
 - Only 26 respondents (9%) noted specific problems.
 - Although 76% were informed of violations or errors, only 3% completely or mostly disagreed with findings.

Survey Conclusions, cont'd.

- Only 5 of 26 respondents with problems complained to ATF.
 - Of 4 complaining to inspectors,
 1 believed his complaint was handled somewhat unfairly.
 - 1 complained to ATF offices.
 He believed his complaint was handled very fairly.

Survey Conclusions, cont'd.

 Overall, 76% said ATF did its regulatory responsibility very or extremely well; 17% said adequately; and 7% said marginally or not well at all.

RESPONSES OF FIREARMS LICENSEES TO GAO SURVEY



U.S. General Accounting Office

Survey of Federal Firearms Licensees Inspected by the Bureau of Alcohol, Tobacco, and Firearms

INTRODUCTION

The U.S. General Accounting Office (GAO), an agency of Congress, has been requested to review how the Bureau of Alcohol, Tobacco, and Firearms (ATF) regulates federal firearms licensees. As part of this congressional request, we are contacting a sample of licensees who have undergone a compliance inspection by ATF during the last six months to obtain information on their experience.

To give our review balance and perspective, it is important that we obtain licensees' viewpoints. Therefore, your participation and cooperation in completing this questionnaire is needed and most appreciated. Most of the questions in this survey can be easily answered by checking boxes. A few ask for brief explanations. If you need additional space to answer a question or if you wish to make additional comments, space has been provided at the end of the questionnaire.

This questionnaire is anonymous. There is nothing on it that can identify an individual respondent. Please return the questionnaire in the enclosed pre-addressed envelope. In order to ensure privacy, we ask that you separately return the enclosed postcard indicating that you have completed your questionnaire. We need these postcards returned so that we can remove your name from our mailing lists. There is no way that we can identify respondents based on their responses on the questionnaire.

This questionnaire should take about 10 to 15 minutes to complete. Please return your completed questionnaire in the enclosed present envelope and return the postcard separately. We would appreciate your returning the survey to us within ten days of receipt.

If you have any questions about anything in this survey, please call Dan Harris at (202) 566-0026.

In the event the return envelope is misplaced, the return address is:

United States General Accounting Office Mr. Dan Harris 441 G Street, N.W., Room 3126 Washington, D.C. 20548

We greatly appreciate your assistance.

SECTION I - BACKGROUND

The questions in this section provide some background information on your firearms business.

 Please indicate the type of firearms license(s) you hold? (CHECK ONE.)

29.9%	Pawnbroker dealing in	i firearnis
64.1%	Dealer	
6.0%	Both types	N = 281

How long have you held a federal firearms license for this location? (CHECK ONE.)

24.1%	Less than 1 year	
20.2%	1 to 3 years	
23.8%	4 to 6 years	
8.2%	7 to 9 years	
23 8%	More than 9 years	N = 282

At this location only, approximately how many firearms did your business sell in calendar year 1991? (CHECK ONE.)

62.5%	Less than 100	
16.1%	100 to 250	
9.3%	251 to 500	
4.3%	501 to 750	
2.9%	751 to 1,000	
5.0%	More than 1,000	N = 280

SECTION II - CONDUCT OF THE ATF COMPLIANCE INSPECTION

The questions in this section provide information about the conduct of the compliance inspection conducted by ATF.

4. Were you present during the ATF compliance inspection? (CHECK ONE.)

78.5%	I was present during the entire inspection
13.3%	I was present during most of the inspection
4.7%	I was present during some of the inspection
3.6%	I was not present at all during the inspection

N = 279

If you were not present at all during the ATF inspection, please give this questionnaire to the individual present at the time or if this is not possible, complete the questionnaire to the best of your knowledge.

5. To what extent, if at all, was the ATF inspection disruptive to the operation of your business? (CHECK ONE.)

81.6%	To little or no extent	> (SKIP TO QUESTION 7.)
7.2%	To some extent]
8.3%	To a moderate extent	(CONTINUE WITH
1.8%	To a great extent	QUESTION 6.)
1.1%	To a very great extent	
		N = 2/I

Please explain how the ATF inspection disrupted your operation.

96.8%	Yes> (SKIP TO QUESTION 9.)
3.2%	No> (CONTINUE WITH QUESTION 8
J.L. 70	N = 279
	N = 277
Please expl not do the	lain why you feel that the ATF inspector(s) di work in a professional manner.
	N = 11
(CIECK	s) inform you of any violations or errors? ONE.)
75.8%	
	ONE.)
75.8%	ONE.) Yes> (CONTINUE WITH QUESTION
75.8% 24.2%	ONE.) Yes> (CONTINUE WITH QUESTION No> (SKIP TO QUESTION 12.)
75.8% 24.2%	Yes> (CONTINUE WITH QUESTION No> (SKIP TO QUESTION 12.) N = 277 inspector(s) show you what needed to be d? (CHECK ONE.)
75.8% 24.2% Did the corrected	Yes> (CONTINUE WITH QUESTION No> (SKIP TO QUESTION 12.) N = 277 inspector(s) show you what needed to be d? (CHECK ONE.) Yes
75.8% 24.2% 5. Did the corrected 99.0% 1.0%	Yes> (CONTINUE WITH QUESTION No> (SKIP TO QUESTION 12.) N = 277 inspector(s) show you what needed to be d? (CHECK ONE.) Yes No
75.8% 24.2% Did the corrector 99.0% 1.0% Overall, responsi	Yes> (CONTINUE WITH QUESTION No> (SKIP TO QUESTION 12.) N = 277 inspector(s) show you what needed to be d? (CHECK ONE.) Yes No N = 208 were the inspector(s) helpful in explaining you ibilities as a Federal firearms licensee? K ONE.)

Of little or no help

Not applicable, I required no help

N = 211

2.8%

			î	
Using the	e following scale, did you cition's overall findings?	agree or disagree with (CHECK ONE.)	SE	CTION III
68.0%	Completely agreed		hav	questions in the questi
22.3%	Mostly agreed	(SKIP TO OUESTION 14.)		ompiamis j
7.2%	Had no opinion either way	(16.	Looking b any specif (CHECK
2.2%	Mostly disagreed	CONTINUE WITH		10.8%
0.4%	Completely disagreed	QUESTION 13.)		89.2%
		N = 278		
		with the inspection's	17.	Please des
				· · · · · · · · · · · · · · · · · · ·
<u></u>				
			18.	By the end resolve <u>all</u>
		:		N = 11
that the i	nspector(s) did that you i			N = 15
42.5%	Yes> (CONTINUE	WITH QUESTION 15.)	19.	At any tim
57.5%	No> (SKIP TO QU	ESTION 16.)		unresolved (CHECK (
		N = 275		N = 3
		actions on the part of		N:= 8
	N = 114		20.	Did you co concerning (CHECK (
	· · · · · · · · · · · · · · · · · · ·			N = 5
			-	N = 6
	the inspectors of the inspecto	the inspection's overall findings? 68.0% Completely agreed 22.3% Mostly agreed 7.2% Had no opinion either way 2.2% Mostly disagreed 0.4% Completely disagreed Please explain why you disagreed findings. N = 13 During the course of the inspectio that the inspector(s) did that you is (CHECK ONE.) 42.5% Yes> (CONTINUE 57.5% No> (SKIP TO QU Please describe these praiseworthy the inspector(s).	22.3% Mostly agreed 7.2% Had no opinion either way 2.2% Mostly disagreed 0.4% Completely disagreed 0.4% Completely disagreed With the inspection 13.) N = 278 Please explain why you disagreed with the inspection's findings. N = 13 During the course of the inspection, was there anything that the inspector(s) did that you feel was praiseworthy? (CHECK ONE.) 42.5% Yes> (CONTINUE WITH QUESTION 15.) 57.5% No> (SKIP TO QUESTION 16.) N = 275 Please describe these praiseworthy actions on the part of the inspector(s).	the inspection's overall findings? (CHECK ONE.) 68.0% Completely agreed 22.3% Mostly agreed 7.2% Had no opinion either way Completely disagreed 0.4% Completely disagreed CONTINUE WITH QUESTION 13.) N = 278 Please explain why you disagreed with the inspection's findings. N = 13 During the course of the inspection, was there anything that the inspector(s) did that you feel was praiseworthy? (CHECK ONE.) 42.5% Yes> (CONTINUE WITH QUESTION 15.) 77.5% No> (SKIP TO QUESTION 16.) N = 275 Please describe these praiseworthy actions on the part of the inspector(s).

· PROBLEMS

n this section deal with any problems you may ATF's compliance inspection and any responses ou may have made.

ack at the inspection as a whole, did you have ic problem(s) concerning the inspection?
ONE.)

Yes ---> (CONTINUE WITH QUESTION 17.)

No --> (SKIP TO QUESTION 27.)

N = 279

cribe your problem(s).

N = 24

d of the inspection was the inspector able to of your problems? (CHECK ONE.)

Yes --> (SKIP TO QUESTION 27.)

No --> (CONTINUE WITH QUESTION 19.)

ne before, during, or after the inspection, were d how you could report any problem(s) or concerns with the ATF inspection? ONE.)

Yes

No

N = 11

omplain, either verbally or in writing, to anyone the matter(s) described in question 17?

Yes --- (CONTINUE WITH QUESTION 21.)

4 to 1

, **3** ,

No --> (SKIP TO QUESTION 26.)

* Four respondents identified problems not relevant to the inspection and their subsequent responses have been dropped from this section.

- 21. Who did you notify? (CHECK ALL THAT APPLY.) The inspector(s) N = 4Someone at the inspector(s)' office N = 0Someone at ATF's regional office N = 1Someone at ATF's headquarters at N = 1Washington, D.C. N = 1My attorney My congressional representative or senator N = 3Anyone else? - Please specify: N = 2N = 622. If you made your complaint known to the inspector(s) or to someone at any ATF office, how did you notify them?
- (CHECK ALL THAT APPLY.) Spoke to them face-to-face Called on the telephone N = 1N = 3Wrote to them

N = 2

N = 0

Not applicable - I did not complain to the N = 2inspector(s) or to anyone at any ATF office

Complained through a third party, such as

my attorney or congressional representative

Through other means - Please describe:

23. If you notified someone at ATF about your complaint, how was your complaint handled? (CHECK ALL THAT APPLY.) An ATF official called or visited me N = 1ATF wrote me a letter N = 1ATF responded to a third party such as N = 1my attorney or a congressional representative I have not yet received a response from ATF N = 1N = 1Other - Specify: Not applicable - I did not complain to ATF N = 3N = 6

feel they handled your complaint? (CHECK ONE.) Very fairly N = 1Somewhat fairly (SKIP TO N = 0QUESTION 27.) Neither fairly N = 0nor unfairly N = 1Somewhat unfairly (CONTINUE WITH QUESTION 25.) N = 0Very unfairly Not applicable, I did N = 3not complain to ATF

24. If you complained to ATF, how fairly or unfairly do you

Not applicable, it's too early to tell N = 6

(SKIP TO

QUESTION 26.

N = 8

N = 1

25	. Please of handled	explain why you feel your complaint was not fairly.		V - ATF PERFORMAN	
		N = 4		egulatory responsibility, the records are properly kept	
			37.3%	Extremely well	
			38.4% 17.4%	Very well Adequately	(SKIP TO QUESTION 29.)
			4.0%) Marginally	
			2.9%	Not very well at all	(CONTINUE WITH QUESTION 28
26.		id <u>not</u> make your complaint known to ATF, why HECK ALL THAT APPLY.)			N = 276
	N = 2	The problem was not a significant concern to me		xplain why you felt that A egulatory responsibility les	
	N = 3	I did not think it would have done any good	ļ <u> </u>	N = 30	······
	N = 2	I did not know to whom to complain	<u></u>		
	N = 5	I was afraid it would make future inspections more difficult			
	N = 1	Other reason(s) - Specify:			
	N = 2	Not applicable - I did complain to ATF			

SECTION V - COMMENTS

		N = 72				•				
								-		
										
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Thank you for your assistance.

Please return your completed questionnaire in the enclosed pre-addressed envelope.

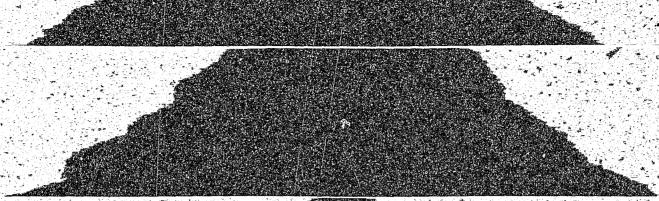
Please return your postcard separately.

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