

GAO

Briefing Report to the Ranking Member,
Minority Member, Subcommittee on Oversight and
Committee on Ways and Means
House of Representatives

October 1992

ALCOHOL, TOBACCO AND FIREARMS

ALCOHOL, TOBACCO
AND FIREARMS
POLICY AND
PRACTICE



142854

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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

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.

B-250864

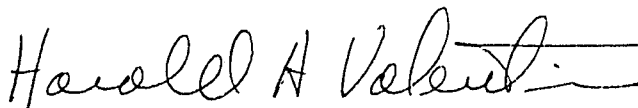
Questionnaires were sent on June 24, 1992, to all firearms dealers and pawnbrokers nationwide for whom ATF inspection reports had been filed during April 1992. Our survey universe was 375 licensees. As of September 1, 1992, responses were received from 283 licensees, a 75 percent response rate. Appendix 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.

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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,

A handwritten signature in cursive script, reading "Harold A. Valentine". The signature is written in dark ink and is positioned above the typed name.

Harold A. Valentine
Associate Director, Administration
of Justice Issues

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ABBREVIATIONS

ATF Bureau of Alcohol, Tobacco and Firearms

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.

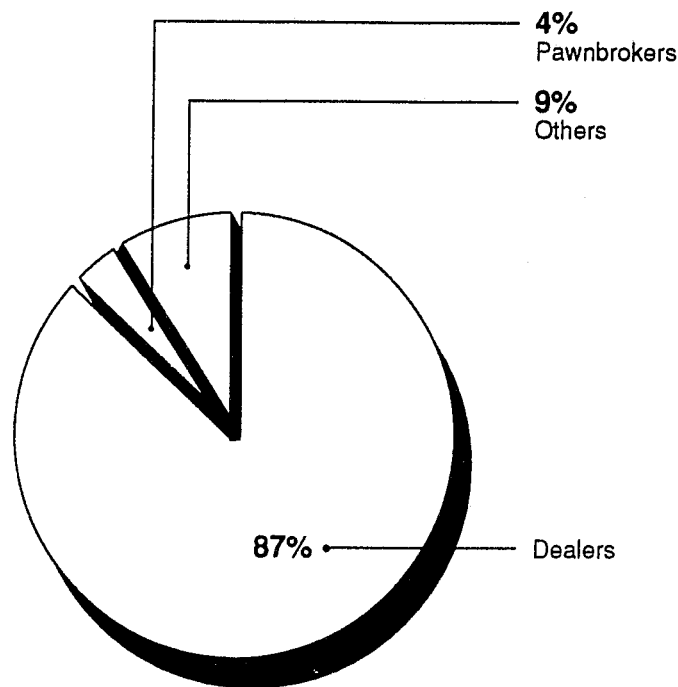
- Of the surveyed licensees, 46 were dropped for various reasons (e.g., 12 licensees had gone out of business). Our final universe was 375 licensees.
 - 283 licensees responded to our questionnaire—a 75% response rate.
-

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.

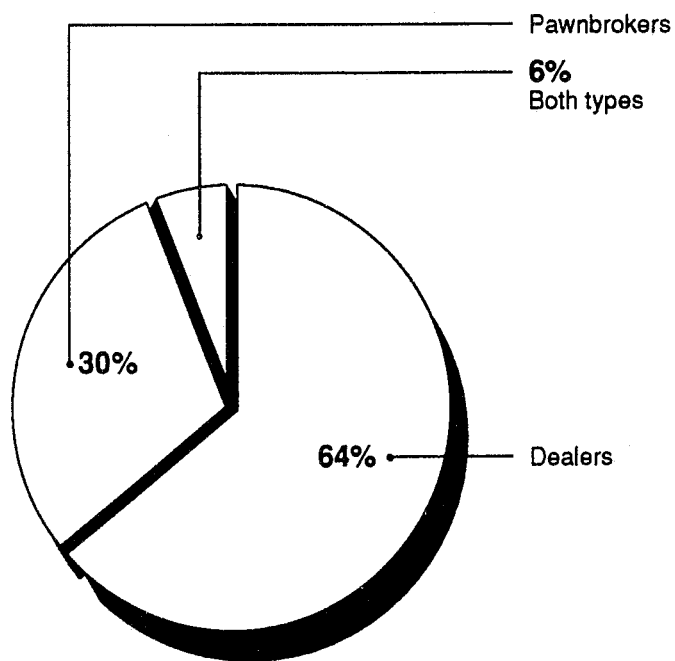
Note 2: Others include manufacturers, collectors, importers, etc.

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

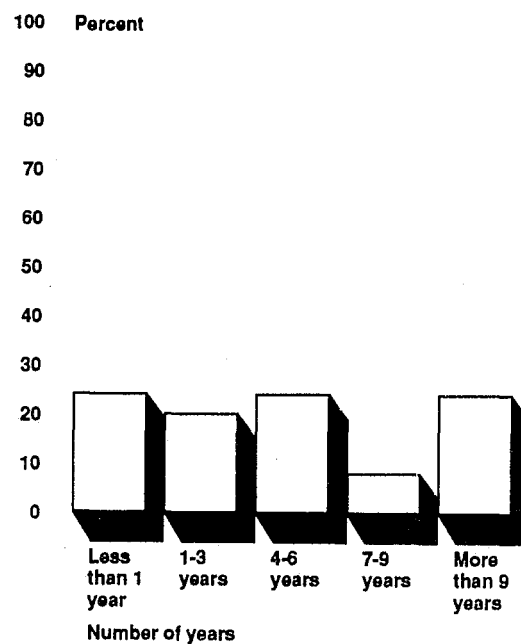
Distribution by license type



N=281

Respondent Characteristics, cont'd.

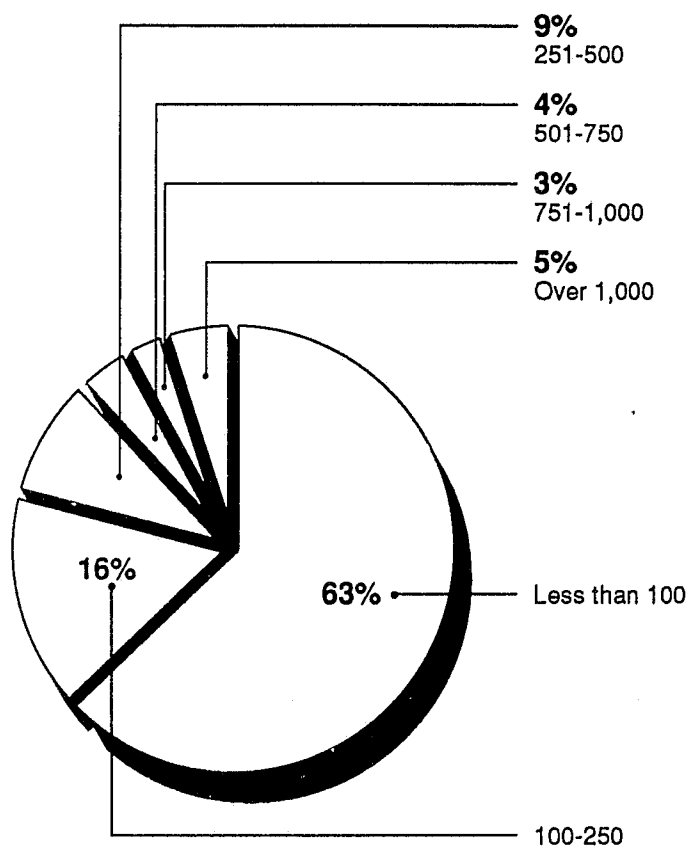
Number of years licenses held



N=282

Respondent Characteristics, cont'd.

Number of firearms sold in FY 1991



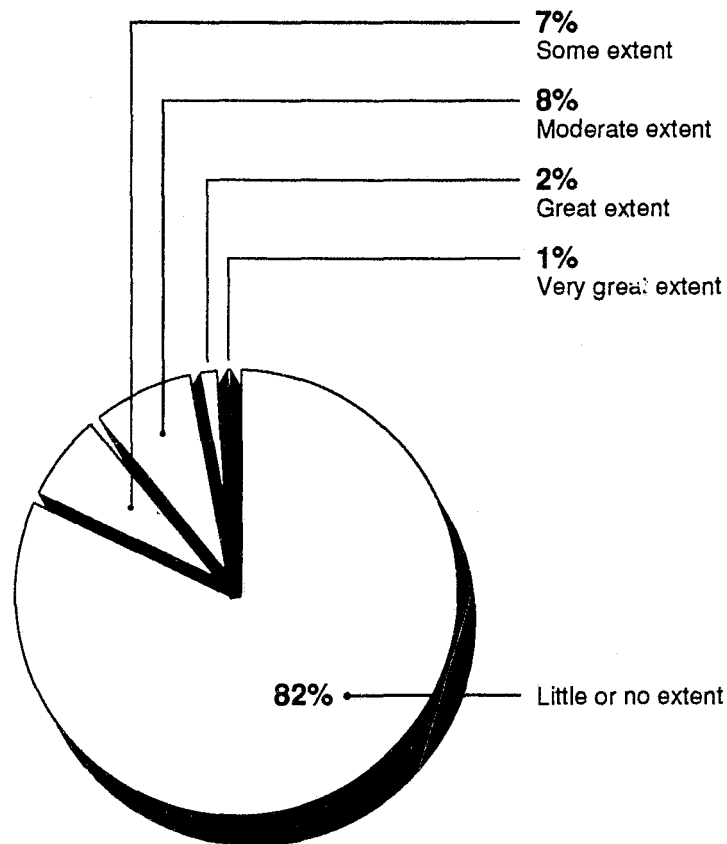
N=280

Survey Results: Objective 1

**Did firearms licensees have
problems with ATF compliance
inspections?**

Survey Results: Objective 1, cont'd.

Was inspection disruptive?



N=277

Survey Results

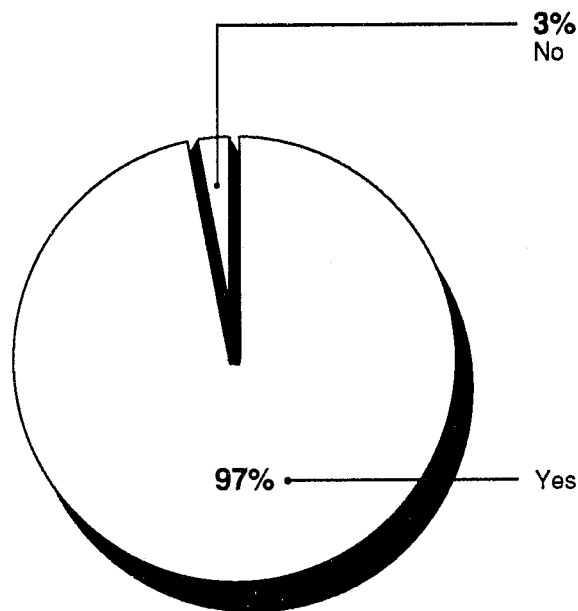
Objective 1, cont'd.

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).
-

Survey Results: Objective 1, cont'd.

Was inspector professional?



N=279

Survey Results: Objective 1, cont'd.

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

- 76% answered yes.

Survey Results: Objective 1, cont'd.

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

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

Survey Results: Objective 1, cont'd.

Anything praiseworthy about the inspectors? (N = 275)

- 43% believed the inspectors deserved praise for various reasons.
-

Survey Results: Objective 1, cont'd.

Analysis of 114 praiseworthy comments

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

Survey Results: Objective 1, cont'd.

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.
-

Survey Results

Objective 1, cont'd

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.
-

Survey Results: Objective 1, cont'd.

Principal problems related by licensees

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

Survey Results: Objective 1, cont'd.

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?**

Survey Results: Objective 2, cont'd.

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.
-

Survey Results: Objective 2, cont'd.

- 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?**

Survey Results: Objective 3, cont'd.

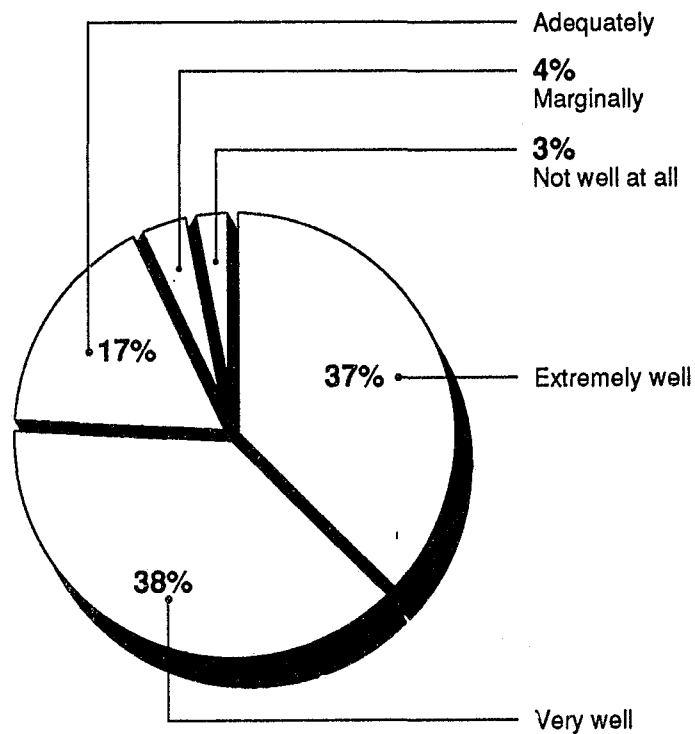
- Of the 4 respondents who complained to ATF inspectors, only 1 believed his complaint was handled somewhat unfairly.
 - The 1 respondent who complained beyond the inspector to ATF headquarters and a regional office believed his complaint was handled very fairly.
-

Survey Results: Objective 4

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

Survey Results: Objective 4, cont'd.

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 pre-paid 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.

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

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

2. 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

3. 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
1.8% To a great extent
1.1% To a very great extent

(CONTINUE WITH QUESTION 6.)

N = 277

6. Please explain how the ATF inspection disrupted your operation.

N = 50

7. Did the ATF inspector(s) do the work in a professional manner? (CHECK ONE.)

96.8% Yes --> (SKIP TO QUESTION 9.)
3.2% No --> (CONTINUE WITH QUESTION 8.)

N = 279

8. Please explain why you feel that the ATF inspector(s) did not do the work in a professional manner.

N = 11

9. At any time during or after the inspection, did the inspector(s) inform you of any violations or errors? (CHECK ONE.)

75.8% Yes --> (CONTINUE WITH QUESTION 10.)
24.2% No --> (SKIP TO QUESTION 12.)

N = 277

10. Did the inspector(s) show you what needed to be corrected? (CHECK ONE.)

99.0% Yes
1.0% No

N = 208

11. Overall, were the inspector(s) helpful in explaining your responsibilities as a Federal firearms licensee? (CHECK ONE.)

83.4% Very helpful
12.3% Somewhat helpful
2.8% Of little or no help
1.4% Not applicable, I required no help

N = 211

APPENDIX III

12. Using the following scale, did you agree or disagree with the inspection's overall findings? (CHECK ONE.)

68.0%	Completely agreed	} (SKIP TO QUESTION 14.)
22.3%	Mostly agreed	
7.2%	Had no opinion either way	
2.2%	Mostly disagreed	} (CONTINUE WITH QUESTION 13.)
0.4%	Completely disagreed	

N = 278

13. Please explain why you disagreed with the inspection's findings.

N = 13

14. 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

15. Please describe these praiseworthy actions on the part of the inspector(s).

N = 114

APPENDIX III

SECTION III - PROBLEMS

The questions in this section deal with any problems you may have had with ATF's compliance inspection and any responses to complaints you may have made.

16. Looking back at the inspection as a whole, did you have any specific problem(s) concerning the inspection? (CHECK ONE.) *

10.8% Yes ---> (CONTINUE WITH QUESTION 17.)

89.2% No ---> (SKIP TO QUESTION 27.)

N = 279

17. Please describe your problem(s).

N = 24

18. By the end of the inspection was the inspector able to resolve all of your problems? (CHECK ONE.)

N = 11 Yes --> (SKIP TO QUESTION 27.)

N = 15 No --> (CONTINUE WITH QUESTION 19.)

N = 26

19. At any time before, during, or after the inspection, were you advised how you could report any problem(s) or unresolved concerns with the ATF inspection? (CHECK ONE.)

N = 3 Yes

N = 8 No

N = 11

20. Did you complain, either verbally or in writing, to anyone concerning the matter(s) described in question 17? (CHECK ONE.)

N = 5 Yes ---> (CONTINUE WITH QUESTION 21.)

N = 6 No ---> (SKIP TO QUESTION 26.)

N = 11

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

APPENDIX III

21. Who did you notify? (CHECK ALL THAT APPLY.)

- N = 4 The inspector(s)
- N = 0 Someone at the inspector(s)' office
- N = 1 Someone at ATF's regional office
- N = 1 Someone at ATF's headquarters at Washington, D.C.
- N = 1 My attorney
- N = 3 My congressional representative or senator
- N = 2 Anyone else? - Please specify:

N = 6

22. 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.)

- N = 4 Spoke to them face-to-face
- N = 1 Called on the telephone
- N = 3 Wrote to them
- N = 2 Complained through a third party, such as my attorney or congressional representative
- N = 0 Through other means - Please describe:

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

N = 8

APPENDIX III

23. If you notified someone at ATF about your complaint, how was your complaint handled? (CHECK ALL THAT APPLY.)

- N = 1 An ATF official called or visited me
- N = 1 ATF wrote me a letter
- N = 1 ATF responded to a third party such as my attorney or a congressional representative
- N = 1 I have not yet received a response from ATF
- N = 1 Other - Specify:

- N = 3 Not applicable - I did not complain to ATF

N = 6

24. If you complained to ATF, how fairly or unfairly do you feel they handled your complaint? (CHECK ONE.)

- N = 1 Very fairly
- N = 0 Somewhat fairly
- N = 0 Neither fairly nor unfairly

(SKIP TO QUESTION 27.)

- N = 1 Somewhat unfairly
- N = 0 Very unfairly

(CONTINUE WITH QUESTION 25.)

- N = 3 Not applicable, I did not complain to ATF

- N = 1 Not applicable, it's too early to tell

(SKIP TO QUESTION 26.)

N = 6

25. Please explain why you feel your complaint was not handled fairly.

N = 4

26. If you did not make your complaint known to ATF, why not? (CHECK ALL THAT APPLY.)

N = 2 The problem was not a significant concern to me

N = 3 I did not think it would have done any good

N = 2 I did not know to whom to complain

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

N = 11

SECTION IV - ATF PERFORMANCE

27. Overall, how well do you believe ATF is performing its major regulatory responsibility, that is, assuring that required records are properly kept? (CHECK ONE.)

37.3% Extremely well

38.4% Very well

17.4% Adequately

(SKIP TO
QUESTION 29.)

4.0% Marginally

2.9% Not very well at all

(CONTINUE WITH
QUESTION 28.)

N = 276

28. Please explain why you felt that ATF is performing its major regulatory responsibility less than adequately.

N = 30

SECTION V - COMMENTS

29. If there are any other issues you wish to address or would like to expand on any of your responses, please use the space below. If you are referring to a specific question on this questionnaire, please indicate the question number. If necessary, you may add additional sheets.

N = 72

[illegible]

Thank you for your assistance.
Please return your completed questionnaire in the enclosed pre-addressed envelope.
Please return your postcard separately.

QCD-SMK-692

MAJOR CONTRIBUTORS TO THIS REPORT

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