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ATF annual
report for
fiscal year
1978

Bureau of Alcohol, Tobacco & Firearms
Department of the Treasury

contents

pg.

3 message from the director

4 responsibilities

7 office of criminal enforcement

Highlights	7
Explosives Enforcement Program	7
Stolen Explosives and Recoveries (SEAR)	8
Arson Task Forces	9
Explosives and Arson Investigations	10
Firearms Enforcement Program	11
Interstate Theft Project	11
International Traffic in Arms (ITAR)	11
Firearms Investigations	13
Alcohol Enforcement Program	14
Operation Concentrated Urban Enforcement (CUE)	14
Undercover Storefront Operations	16

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ACQUISITIONS

17 office of regulatory enforcement

Highlights	17
Alcohol Programs	17
Voluntary Disclosure Program	18
Consumer Protection	19
Distilled Spirits Program	20
Wine Labeling for Appellation of Origin	21
Metrication	21
Fetal Alcohol Syndrome Program	21
Gasohol	22
Powdered Alcohol	23
Liquor Bottle Strip Stamps	24
Industry Education	25
Firearms Program	25
Proposed Firearms Regulations	26
Explosives Program	27
Interagency Control of Explosives	27
Revised Explosives Regulations	28
Tobacco Program	29

30 technical & scientific services

Laboratories	30
Training	35
Automated Data Processing	36
Firearms Technology Branch	37
Firearms Tracing	37
Imports	38
National Firearms Act Weapons	38
Explosives Technology	39

41 research and development

Tagging for Identification	42
Tagging for Detection	44
Detection without Tagging	45
General	45

46 office of administration

Fiscal Management	46
Personnel Management	47
Communications	47
Training	48
Criminal Enforcement	48
Regulatory Enforcement	49
Other Areas	49
Printing and Distribution	51
Facility Improvement	52

53 chief counsel

Legal Services	53
Regional Counsels	54
Court Cases	54

58 office of inspection

Integrity Investigations	58
Operations Review	58
Internal Audits	58
Security	59
Equal Employment Opportunity	59

59 office of equal opportunity

Highlights	59
Affirmative Action	60
Upward Mobility	61
Complaints	62
Special Emphasis	62

63 public affairs

Information Services	63
Congressional Liaison	63
Meeting Needs	65
Bureau Communications	65

66 disclosure

67 calendar of events

Honorable W. Michael Blumenthal
Secretary of the Treasury
Washington, DC 20220

Dear Mr. Secretary:

During fiscal year 1978, the Bureau of Alcohol, Tobacco and Firearms had many significant accomplishments. I am pleased to transmit to you this report of our activities.

In addition to developing arson investigation techniques, progressing on explosives tagging, closing out the Concentrated Urban Enforcement Program and concentrating on cases of primary federal interest, ATF promulgated new wine labeling regulations, and collected almost \$8 billion in excise taxes on alcohol and tobacco products.

ATF personnel have dedicated themselves to continue to work as a unified Bureau, ready to enforce the laws and regulations we administer with integrity, innovation and efficiency.

Sincerely yours,



G.R. Dickerson
Director



Responsibilities

The Bureau of Alcohol, Tobacco and Firearms (ATF), established in 1972, is a Federal Bureau under the Department of the Treasury. It combines law enforcement, industry regulation and tax collection.

ATF's primary mission is the suppression and investigation of explosives incidents and crimes, including arson. Also, ATF is charged with enforcing the 1968 Gun Control Act. By action of the 95th Congress, ATF was assigned responsibility to eliminate cigarette smuggling to avoid state taxes.



G.R. Dickerson

ATF's heritage can be traced to 1791, when the first Federal tax on distilled spirits was imposed. For many years, ATF's primary tasks were collecting taxes on alcoholic beverages and combating the illegal liquor traffic. When Prohibition ended in 1933, ATF was delegated responsibility for regulating the alcohol and tobacco industries.

Subsequently, this task grew to include revenue protection, consumer protection and environmental considerations.

The first Federal gun law, enacted in 1934, was the National Firearms Act (NFA), designed to control gangster-type firearms such as automatic weapons and sawed-off shotguns. In 1942, ATF assumed investigatory responsibility for the NFA and the Federal Firearms Act of 1938. Regulating the firearms industry became an ATF job in 1951. The Gun Control Act of 1968 amended the NFA and expanded other Federal gun laws.

ATF enforces the:

- ▶ Gun Control Act of 1968
- ▶ Title XI (explosives) of the Organized Crime Control Act of 1970
- ▶ Portions of the International Security Assistance and Arms Control Act of 1976
- ▶ Federal Alcohol Administration Act of 1935
- ▶ Alcohol and tobacco laws in the Internal Revenue Code that pertain to ATF

The Bureau is organized by Criminal Enforcement and Regulatory Enforcement functions. Regulatory is concerned with trade practice violations, licensing and permit provisions of the firearms and explosives acts and tax determination on alcohol and tobacco products. Criminal Enforcement investigates violations of the laws by those who wish to avoid the taxes, operate without a license or permit, or illegally possess or misuse firearms and explosives.

Under the Gun Control Act of 1968 and other Federal firearms laws, ATF special agents investigate violations to combat the illegal use of firearms and illicit firearms traffic. ATF is the central agency for all gun tracing. Approximately half of all ATF gun traces are for local law enforcement agencies.

Historically, one of ATF's prime functions was to curb production of moonshine by destroying illegal distilleries. "Moonshining" has diminished dramatically in recent years, although the problem continues in southeastern states.

Responsibility for regulating the legitimate explosives industry and curbing the misuse of explosives materials was assigned to ATF with the passage of the Organized Crime Control Act of 1970.

This gives ATF jurisdiction over many bomb cases. The Bureau has taken the lead in development of techniques for tracing the source of explosives used in criminal bombings.



John G. Krogman

ATF regulates the alcohol, firearms and explosives industries, and ensures collection of Federal excise taxes levied on alcohol and tobacco products. Almost \$8 billion in excise taxes is collected yearly. Regulatory inspectors stationed at many distilled spirits plants determine the taxes to be paid, while others make periodic checks of breweries, wineries and tobacco manufacturing plants. In addition, inspectors investigate unlawful trade practices which could lead to anticompetitive situations.

ATF inspects the premises of Federal firearms and explosives licensees to assure compliance with laws and regulations.

In fiscal 1978, the Bureau had 1,500 special agents to enforce criminal laws and 1,000 inspectors to handle regulatory duties. The Bureau was authorized a total of 3,947 full-time employees in fiscal 1978.

ATF maintains Regional, District and Area Offices in all 50 states, the District of Columbia and Puerto Rico. Headquarters is in Washington, D.C., where 717 people are employed.

The Bureau's 1978 budget totaled \$128.6 million.



office of criminal enforcement

Highlights

ATF agents investigate violations of Federal firearms, explosives and alcohol laws. During fiscal 1978, as reports documented a rise in arson crimes in the United States, ATF agents developed investigative techniques for use in arson cases.

Concentrated Urban Enforcement continued to be an effective tool for charting the criminal misuse of firearms and explosives in selected metropolitan areas.

The work of ATF special agents opened 24,670 investigations and led to recommendations that 4,264 defendants be prosecuted. ATF agents were responsible for the seizure of 8,898 firearms, 15,108 pounds of explosives and 252 illicit distilleries. Undercover techniques used during investigations resulted in the purchase of 3,924 firearms and 2,184 pounds of explosives destined for criminal use.

To enforce Federal explosives and firearms laws, the Bureau developed special programs to meet the needs of its field agents and other law enforcement officers. The programs include Project Stolen Explosives and Recoveries (SEAR), Interstate

Theft Project for firearms, International Traffic in Arms (ITAR), Operation Concentrated Urban Enforcement (CUE), arson task forces and undercover storefront operations.



John Reardon, ATF special agent, displays some of the weapons purchased by undercover agents during a two-year investigation culminating in the arrest of six Springfield, Mass., men. (Daily News photo by Mario Sarno)

Explosives Enforcement Program

Explosives incidents involving death, injury and property loss continued to rise in fiscal 1978. Agents investigated 3,459 explosives incidents, of which 1,075 were bombings, 342 attempted bombings, 63 accidental bombings, 409 incendiary incidents and 85 arson bombings.

ATF investigated approximately 77 percent of all reported explosives incidents last year. Investigations by the Federal Bureau of Investigation, the U.S. Postal Service, and State and local law enforcement agencies account for the remaining cases.

The illegal and improper use of explosives resulted in 116 deaths, 247 injuries and more than \$2 billion in property loss.

To meet its explosives enforcement responsibility, ATF provides training for its agents and for other Federal, State and local law enforcement officers. Training includes destructive device identification, explosives safety, security, bomb threats, bomb responses and investigative techniques.

ATF also stresses public awareness and cooperation with other law enforcement agencies.

The Stolen Explosives and Recoveries Project and arson task forces are principal ATF explosives enforcement tools.

Stolen Explosives and Recoveries (SEAR)

In an effort to curb explosives thefts in the United States, ATF developed the Stolen Explosives and Recoveries Project (SEAR) to assist ATF agents and other Federal,

State and local law enforcement agencies in detecting and recovering stolen or lost explosives.



Special Agent of the Year Roy Smith of Detroit displays award following presentation by Acting Director John Krogman.

After a public campaign advertising a toll-free explosives theft reporting number, 800-424-9555, ATF received an increase in explosives theft reports in 1978. Three hundred forty-eight thefts involving 85,591 pounds of explosives were reported.

Through investigative efforts with other agencies, ATF recovered 59,662 pounds of explosives in undercover purchases, seizures and abandonments.

The detection and apprehension of individuals who steal explosives is an ATF priority, since many stolen explosives subsequently are used in bombings.

When bombings occur, ATF agents or other law enforcement officials examine the bomb site for investigative clues. At present, ATF is developing a system of explosives tagging which would help develop leads.

Arson Task Forces

Incidents of arson have increased in recent years, and have placed a multibillion dollar financial burden on business communities, municipalities and insurance agencies. Arson is committed to defraud insurance companies by the destruction of insured property.

Studies show that arson incidents have increased by 1,300 percent since 1950. Arson is the cause in more than 30 percent of the buildings that burn.

Because of ATF's law enforcement responsibilities, the Bureau is in a unique position to investigate the arson problem at the national level and to assist State and local authorities simultaneously in their efforts to solve arson crime. ATF's authority comes under the Gun Control Act of 1968 and the Organized Crime Control Act of 1970, of which the Explosives Control Act is a part.

ATF began its approach to arson with an experimental

task force in Philadelphia. A task force is a combined strategy among law enforcement agencies in a geographical area. In the Philadelphia area, cases were perfected against a furniture store owner, an insurance adjuster and two organized crime figures seeking to collect insurance on an arson-for-profit fire, and a slum landlord who burned down several tenements to defraud underwriting insurance companies; other cases are under investigation. Because of the success of the Philadelphia Task Force, ATF formed 22 more task forces in major cities across the United States in conjunction with Strike Force Operations.



Assistant Secretary of the Treasury Richard Davis, testifies during cigarette smuggling hearings before the House Judiciary Subcommittee on Crime. ATF was represented by Acting Director John G. Krogman (center) and Chief Counsel Marvin Dessler.

Explosives and Arson Investigations

ATF agents investigated major explosives and arson cases in fiscal 1978. Many bombings occurred in Kentucky and West Virginia during the 1978 coal mine strike.

A typical bombing investigation is illustrated by a train derailment in West Virginia during the coal mine strike.

ATF agents conducted the investigation which ended in the arrest of suspects 3 days later.

Six defendants were prosecuted in 1978 for blowing up a Letcher County, Ky., bridge which spanned the Kentucky River. The explosion caused \$200,000 damage to the bridge.

Two suspects were arrested for possession of 100 pipe bombs during an investigation in Belaire, Mich. They were planning to sell the bombs, intended for criminal use, to undercover agents.

The Federal conviction of three men in Savannah, Ga., for arson and conspiracy under the application of a 1970 law set a new precedent in the fight against arson. The Organized Crime Control Act of 1970 makes it a crime to damage or destroy certain property by means of an explosive. An explosive is classified as any flammable liquid mixed with an oxidizer.

The men conspired to burn down a tavern owned by one of them and collect insurance on the building. A mixture of gasoline and mineral spirits was used to burn the tavern.

An ATF explosive's expert, testifying in the Savannah case, said that the volatile mixture qualified as an explosive under the 1970 law.

The jury listened to the ATF testimony along with that of 25 other witnesses and returned a guilty verdict after 45 minutes of deliberation.

A "sting" operation in Greenville, S.C., code-named Project UFO, netted \$26,000 in stolen goods. Special agent L.D. Lee (right) and Greenville Policeman Randy Cobb proudly pose with the merchandise they bought for 10 cents on the dollar while they worked undercover six months posing as thieves.



Firearms Enforcement Program

In fiscal 1978, ATF agents conducted 20,825 firearms investigations, which led to recommendations that 3,652 defendants be prosecuted.

During the investigations, agents seized approximately 8,988 firearms, and, while working undercover, purchased another 3,924. The purchased weapons represented contraband firearms or those sold by persons illegally engaged in the firearms business.

As a result of ATF's capability to trace firearms used in crimes, Bureau analysts can identify sources and channels through which firearms illegally move from areas with minimal or no firearms laws to areas with strict laws. Local law enforcement officers are often limited in their ability to curb the illegal flow because of jurisdictional restrictions or inadequate law.

The thrust of ATF efforts in the firearms program is directed toward stemming the illegal interstate and intrastate flow of arms. The approach is to identify and apprehend principal illegal firearms traffickers and their sources, distributors and co-conspirators.

While local law enforcement officers investigate street crime activity involving the use of firearms within their jurisdiction, ATF agents

concentrate on Federal violations, such as complex investigations of major organized firearms suppliers.

Two major projects in ATF firearms enforcement are the Interstate Theft Project and the International Traffic in Arms (ITAR) project.

Interstate Theft Project

The Bureau initiated its firearms theft reporting program in 1973, to help prevent firearms, stolen from, interstate shipments, from becoming a source of weapons for criminals. The trucking industry and other interstate shippers voluntarily have reported thefts or losses of firearms to ATF.

During fiscal 1978, ATF received 884 reports involving approximately 2,430 stolen or lost firearms. Seventy-four percent of the total, or 660 reports, was forwarded by United Parcel Service offices. ATF agents, working with local investigators, developed six criminal cases involving 14 defendants and recovered 332 firearms.

International Traffic in Arms (ITAR)

The ITAR project is designed to identify sources, then apprehend those persons dealing in firearms and

ammunition destined for international smuggling activity. The program originally was implemented at the request of the Mexican Government which expressed concern over the problem of gun smuggling from the U.S. to Mexico. However, the program has been expanded to one of general interdiction of firearms being taken illegally out of the country.

Several significant cases were perfected in 1978 in which U.S. suppliers of weapons and ammunition destined for illicit international traffic were apprehended and prosecuted.

Four persons were arrested after ATF undercover agents met with the suspects, who wanted to purchase 600 semi-automatic pistols for illegal shipment to Rhodesia. A criminal lawyer and one-time Rhodesian mercenary from Dayton, Ohio, was a major suspect. The individuals subsequently were convicted on Gun Control Act violations.

Firearms destined for a South American country were seized in Miami after a 3-day surveillance. Agents arrested three suspects. The weapons were concealed in air conditioning units.



The bombing of an adult bookstore was investigated by ATF special agents in Chicago, Ill.



ATF Special Agent A. Emory Sheppard (center) carefully dismantles a bomb found in Jefferson City, Tenn. Helping are Police Captain Ray Johnson (left) and Patrolman David Turner. (Citizen Tribune Photo by Gary Smith)

Agents learned that an individual in another Miami case had purchased 175 firearms during a brief period.

After the suspect was observed purchasing more firearms, agents arrested the man and an associate. One hundred firearms, valued at \$36,000 and destined for Colombia, were seized.

In Texas, ATF agents worked with U.S. Customs Service and Texas Department of Public Safety officers in a joint undercover operation to curb illegal firearms trafficking into Mexico. As a result, eight defendants were arrested as principal suppliers to Mexico.

Federal search warrants at five locations in the Rio Grande Valley resulted in seizures of 43 firearms and a quantity of ammunition.

Firearms Investigations

ATF agents investigated major firearms cases in fiscal 1978 involving organized crime, illegal interstate transportation and illegal possession.

An individual was arrested in Tampa, Fla., for illegal manufacture of silencers and assassination kits, which were briefcases mounted with silencer-equipped handguns, and were designed to fire at close range. The suspect was arrested after undercover agents purchased three silencers from him. Three assassination kits were seized later.

ATF agents in Chicago and Mississippi worked together to uncover a Mississippi-to-Chicago gun running operation. A Chicago resident with associates in Mississippi illegally acquired about 300 firearms through a cooperating licensed dealer in Mississippi. The weapons were being sold to individuals in high crime areas in Chicago. Agents developed a successful conspiracy case involving the suspects.

In Philadelphia, ATF agents worked with local police to investigate members of a militant group called MOVE.

Agents investigated one member of the group for Gun Control Act violations.

Enforcement efforts culminated in the seizure of 10 firearms, about 50 destructive devices, and a quantity of chemicals which could be used to manufacture explosives.

Alcohol Enforcement Program

ATF investigations into illicit liquor violations continued to diminish in fiscal 1978 as local law enforcement officials conducted more investigations. ATF has encouraged local enforcement against illegal liquor production while the Bureau restricts its involvement to large-scale illicit liquor violations and concentrates its efforts in explosives and firearms investigations.

ATF illicit liquor investigations resulted in seizures of 252 moonshine stills, 146,619 gallons of mash and 5,686 gallons of illicit whiskey. Agents developed 160 criminal cases for prosecution.

Legal manufacturers of alcohol beverages also were the object of ATF enforcement scrutiny. Ten investigations ended in recommendations for prosecution.

Operation Concentrated Urban Enforcement (CUE)

ATF began Operation CUE in 1976 at Boston, Chicago and Washington, D.C., in response to a congressional mandate to expand federal enforcement against firearms crime. The program ended September 30, 1978.

The Bureau concentrated enforcement resources in the three metropolitan areas to:

- develop cases against individuals using firearms and explosives in criminal activities,

- to reduce or eliminate illegal sources of "street-type" firearms and explosives,
- to trace firearms seized in the metropolitan areas to determine type and sources of firearms used in crimes and to chart the flow of these firearms into the cities,
- and, to expand its firearms dealer inspection program to ensure compliance with Federal laws and regulations.

Operation CUE continued in the three cities during fiscal 1978. ATF agents began 2,928 investigations and recommended 816 defendants for prosecution. A total of 1,308 firearms and 684 pounds of explosives was seized during these ATF investigations. Undercover agents purchased 816 firearms and 228 pounds of explosives.

The Bureau traced 12,156 firearms to support CUE investigative efforts in identifying and cutting off illegal sources of firearms used in crime. ATF concentrated on tracing firearms used in major violent crimes, such as murder, robbery, assault and narcotics violations.

Tracing results continue to show that handguns under 3 years of age are being used less frequently in Boston, Chicago and Washington, D.C., than they were before ATF

began CUE investigations into legal and illegal sources of firearms. This could mean CUE is forcing criminals to find alternatives to retail outlets as sources of firearms.

Rates of violent firearms crimes in the CUE cities declined 24.8 percent during the life of CUE. The reduction is measured by statistics of robbery and aggravated assault with a firearm.

A series of thefts from licensed firearms dealers in Northern Virginia prompted a CUE investigation which uncovered an organized theft ring in Delaware, Maryland and Virginia. The suspects were a principal illegal source of firearms in Washington, and were involved in other activities, including burglary and contract killings.

The investigations ended in the arrest of 12 persons and the seizure of 64 stolen firearms.

One stolen firearm was the murder weapon in a Baltimore, Md., contract killing. ATF agents referred information during the investigation to other law enforcement agencies, which they used to pursue violations outside ATF jurisdiction.

In Chicago, information obtained in an explosives investigation helped to solve two bombings in the city, and provided leads to other bombing and arson investigations in the area. ATF



Cache of explosives from undercover buy by ATF special agents.

agents investigated a source believed to be supplying components for dynamite bombs in the Chicago area.

Through undercover work and surveillance, ATF agents purchased five dynamite bombs from the principal suspect in Chicago and followed him to Tennessee, where he falsified records for a large quantity of explosives and related materials. When the suspect returned to Chicago, agents arrested him with two associates, and seized enough explosives and materials to manufacture more than 200 dynamite bombs.

In another CUE case, ATF agents investigated an exclusive yacht club in the Boston area. The club was visited frequently by known organized crime figures, and was identified as a source of illegal firearms. Agents infiltrated the club, purchased machineguns and handguns

equipped with silencers, and developed leads about other illegal firearms sources in the Boston-Springfield area.

The investigation led to the purchase and seizure of 22 firearms and the arrest of 21 suspects, including five prominent members of Boston organized crime. With search warrants, agents recovered stolen paintings, art objects and china worth \$250,000, and seized narcotics and explosives materials.

Undercover Storefront Operations

Storefront operations, popularly known as "stings," were developed by the law enforcement community to recover stolen merchandise and apprehend individuals who steal for profit. Those who steal attempt to resell the merchandise to "fences," who buy stolen goods at bargain prices for resale.

The antifencing operations set up by law enforcement agencies generally are funded by the Law Enforcement Assistance Administration. In addition to the arrest of suspects and recovery of merchandise, the undercover operations also provide many leads which result in solving other crimes ranging from larceny to homicide.

ATF participated in 27 undercover storefront operations in fiscal 1978 in

major metropolitan cities throughout the United States. The Bureau's objective was to assist local law enforcement agencies and to develop leads which would help cut off the illegal sources of firearms into those cities.

The 27 storefront operations ended in the recovery of more than \$10 million in stolen property and netted some 1,700 suspects.



Hotplate on floor (center of photo) ignited flammable liquids which destroyed a lounge in a Savannah, Ga., arson. An ATF investigation convicted three persons for the act under a new application of law.

office of
regulatory enforcement

The Office of Regulatory Enforcement carries out ATF's responsibilities for regulating the alcohol, tobacco, firearms and explosives industries.

Highlights

During fiscal 1978, ATF collected \$7,695,762,000 in alcohol and tobacco taxes—the third largest source of U.S. revenue, following personal and corporate income taxes. ATF intensified efforts to investigate trade practice violations in the alcoholic beverage industry and to conduct compliance inspections of firearms and explosives industry members.

Several steps were taken by ATF to modernize Federal laws, regulations and rulings, including steps to deregulate while ensuring collection of tax revenues. Consumer protection was promoted during enforcement of the Federal Alcohol Administration (FAA) Act and proposed legislation on labeling.

Alcohol Programs

To ensure the accurate determination and full collection of more than \$5.4 billion in alcohol excise taxes, 6,934 revenue protection inspections were conducted at distilleries, breweries and wineries. ATF field inspectors

Alcohol and Tobacco Tax Revenue

FY.	Alcohol Taxes \$	Tobacco Taxes \$	Alcohol & Tobacco Taxes \$
	Total	Total	Total
1978	5,407,451,052	2,288,311,294	7,695,762,346
1977	5,406,633,000	2,398,501,000	7,805,134,000
1976	5,427,721,612	2,487,894,468	7,915,616,080
1975	5,350,857,816	2,315,089,627	7,665,947,443
1974	5,358,476,875	2,437,005,476	7,795,482,351
1973	5,149,513,473	2,276,950,882	7,426,464,355

also conducted 3,877 application and 1,549 consumer protection inspections. During fiscal 1978, ATF issued 1,857 original alcohol permits, amended 1,373 and terminated eight permits. More than 41,622 tax refund claims for permittees were processed. ATF also audited semimonthly tax returns for approximately 261 distilleries, 106 breweries and 772 wineries. ATF's continued evaluation of joint custody requirements has resulted in greater flexibility and a more efficient utilization of resources in providing supervision at DSP's, with no threat to revenue.

Voluntary Disclosure Program

Since becoming a Bureau in 1972, ATF has placed increased emphasis on the enforcement of the unfair competition and unlawful practice provisions of the Federal Alcohol Administration Act (27 U.S.C. 205). As a result of the Bureau's efforts in this area, numerous violations are detected yearly and the violators penalized.

Industry members were encouraged to come forward and make disclosures under ATF's Voluntary Disclosure Program, which was announced by Director Davis in a speech before the United States Brewers Association,

Inc., in San Francisco, Calif., on September 14, 1976. Industry members entering the program were advised that any information so received would be used as evidence, and that remedial action, commensurate with the seriousness of the violation, would be initiated against them. Industry members also were advised that such information received would be made available to other Federal and State agencies. The Securities and Exchange Commission has indicated interest in any disclosure made by a publicly held corporation, and the Internal Revenue Service is interested in illegal expenditures claimed as business expenses. All information acquired by the Bureau through disclosures or subsequent investigations has been made available to those and other interested agencies. A national task force of special inspectors was established to verify disclosures and investigate all possible trade practice violations by industry members involved. ATF's obligation is to eliminate unlawful competition, and the Voluntary Disclosure Program will give added emphasis towards accomplishing that goal. To date, two industry members have paid offers in compromise and several other industry members are under investigation as a result of their disclosure.



Stephen Higgins, Assistant Director Regulatory Enforcement, (left) talks with Robert J. Maxwell, Chief Trade and Consumer Affairs, (center) and William Drake, Deputy Assistant Director Regulatory Enforcement, after a staff meeting.

Consumer Protection

Regulatory Enforcement continued to act to eliminate unlawful trade practices as defined in the Federal Alcohol Administration Act. In fiscal 1978, ATF accepted 30 offers in compromise which totaled \$898,250. In addition, there were 28 suspensions and four revocations of basic permits.

Many of these actions are the result of a task force approach in which an FAA team goes to a market area to resolve complaints of unfair trade practices. Regulatory Enforcement's actions were responsible for industry's withdrawal of 602 cases of alcoholic beverages from the

market after samples were found to be deficient in proof, or products were mislabeled.

As part of its consumer protection responsibility, ATF approves all alcoholic beverage labels to ensure compliance with Federal law and to prevent deceptive labeling and advertising.

During fiscal 1978, 74,928 applications for label approval were received. After examination and review, it was necessary to disapprove 9,270 of the applications. An additional 1,723 applications were received for special natural wines and rectified products. After review, 452

applications were disapproved, returned or withdrawn.

The Food and Drug Administration sought to require ingredient labeling on alcoholic beverages under the Federal Food, Drug and Cosmetic Act. A law suit, brought by members of the wine and distilled spirits industries, was won by the plaintiffs in a Kentucky U.S.

District Court on the contention that FDA surrendered its jurisdiction by deferring labeling matters to ATF over the years. The Office of Management and Budget, which acted as a governmental referee, decided not to appeal the ruling, but instructed FDA and ATF to work jointly in formulating "partial" ingredient labeling.

The two agencies are conducting a joint study of ingredient labeling.

The Bureau is participating with the National Institute on Alcoholism and Alcohol Abuse, the Department of Transportation, and the Federal Trade Commission, on a study to determine the effects of alcoholic beverage advertising on the perceptions and attitudes of the consumer.

The 1977 bar represents 420,606 manhours which ATF inspectors spent in Distilled Spirits Plants (DSPs), as part of their duties in insuring the collection of Federal alcohol taxes.

The 1978 bar represents 390,073 manhours in those plants. The reduction from 1977 to 1978 of 30,533 manhours, which equals 17 manyears, was effected by withdrawing inspectors from the plants and relying on the manufacturers' honesty and ATF post audit inspections. This made it possible to assign these inspectors to other duties.

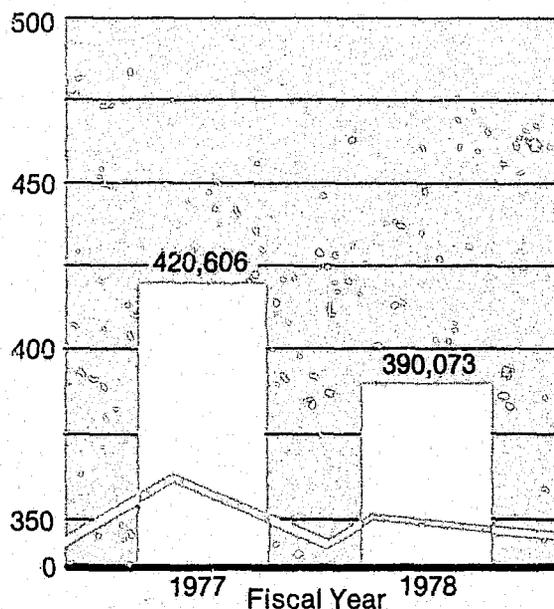
Distilled Spirits Program

ATF presently is conducting pilot operations affecting 23 distilled spirits plants, or nine percent of all qualified plants.

The purpose is to measure how effectively the revenue is protected with reduced or modified Government supervision. Pilot operations offer greater flexibility for proprietors, and provide a valuable learning process for the Government. In evaluating these operations, ATF officers utilize audit methods as an alternative to onsite supervision. The evaluative input will provide vital information for developing future inspection programs.

ATF Inspector Time Devoted to Required Duties at Distilled Spirits Plants

Hours Worked (Thousands)



Wine Labeling for Appellation of Origin

A final rule on new wine labeling regulations was approved by Main Treasury and published in the Federal Register on August 23, 1978. Mandatory compliance is set for January 1, 1983.

The new regulations revise the wine labeling terms "appellation of origin," "estate bottled," "grape type designation," and "viticultural area." New requirements were established for varietal grape designations and the use of grape growing areas as appellations. The regulations are the result of prior notices, public hearings, testimony from both industry and consumers, and ATF expertise.

Metrication

ATF has implemented requirements whereby the wine and distilled spirits industries will utilize the metric system. All wine bottles, including imported wine bottles, will be converted to standard metric sizes by January 1, 1979. The metric sizes for wines are 100 ml., 187 ml., 375 ml., 750 ml., 1 liter, 1.5 liters and 3 liters.

Metric standards of fill will be mandatory for distilled spirits beginning January 1, 1980. Six metric sizes were approved: 50 ml., 200 ml., 500 ml., 750 ml., 1 liter and 1.75 liters.

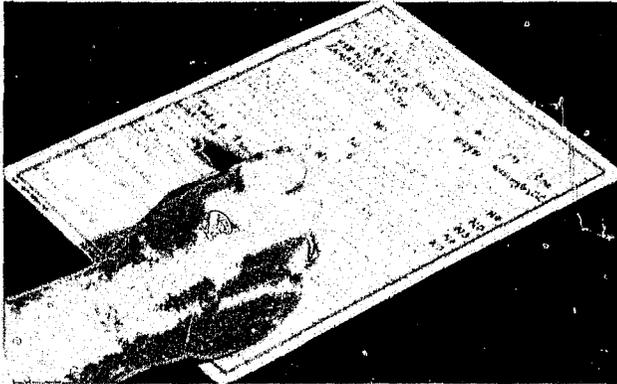


Specialist Dave Brokaw of the HQ Trade Affairs Branch unpacks home wine-making kit for bureau exhibit at the Wine and Gourmet Food Show in Washington, Oct. 19-24. Falls Church, Va., Regulatory inspectors staffed the exhibit and answered consumer questions about home wine-making and conversion of wine bottles to metric sizes.

Fetal Alcohol Syndrome Program

An advance notice of proposed rulemaking concerning the risks of drinking alcohol during pregnancy, and the possibility that damage to the fetus could result, was published in the Federal Register on January 16, 1978, (Notice No. 316, 43 FR 2186). This condition is known as Fetal Alcohol Syndrome.

The advance notice requested specific information from the public, medical community, alcoholic beverage industry, and women's organizations on the feasibility of requiring warning labels on alcoholic beverage containers.



Licensed firearms dealers are required to have purchasers fill out a "Firearms Transaction Record" and to keep the record on file and available to ATF regulatory enforcement inspectors or criminal enforcement special agents. On the form the purchaser states he is eligible to own a firearm.



The responses of local jurisdictions to an ATF survey of local firearms ordinances are sorted by Janet Clark. The results become part of "Your Guide to Firearms Regulations" published by ATF.

The Office of Science and Technology Policy, Executive Office of the President, reviewed the scientific and professional responses to the advance notice and submitted an analysis. It recommended, in view of the clinical, political, and regulatory complexity of the warning label and Fetal Alcohol Syndrome issue, that ATF select qualified consultants to assess the scientific evidence and the comments. The Bureau engaged three consultants in the following fields of expertise: (1) medical genetics, (2) biochemistry, and (3) social policy.

The consultants, working independently, submitted their recommendations and responses to a Bureau questionnaire. The consultants' responses are under review.

Gasohol

The Nebraska Agricultural Products Utilization Committee developed an alcohol fuel mixture copyrighted as "Gasohol." The alcohol fuel or fuel additive is comprised of 90 percent unleaded gasoline and 10 percent alcohol.

ATF's efforts to facilitate the development of alcohol fuels resulted in approval for the operation of seven experimental distilled spirits plants to test for materials and processes for producing alcohol for fuel use.

ATF responded to numerous inquiries from citizens concerning alcohol fuel and the qualification requirements for producing it. ATF representatives attended meetings of interest groups, testified at hearings held by

other Federal agencies involved in seeking viable alternative energy sources, and commented to the Congress concerning proposed legislation involving alcohol fuels. ATF organized a task force which studied the statutes and regulations concerning the production and distribution of alcohol with the view toward simplification of the requirements for qualification and operation of alcohol fuel plants.

ATF published a brochure explaining existing regulations concerning establishment and operation of distilled spirits plants and the requirements for converting ethyl alcohol to a fuel article. The informational brochure is designed to present in layman's language information necessary for those who want to produce alcohol for fuel.

The publication will be included in the National Technical Information Service to increase its availability to the public.

Powdered Alcohol

During fiscal 1978, ready mixed drinks containing so called "powdered" alcohol were developed. Upon the addition of water only, they become beverage cocktails such as a Vodka Sour and Bloody Mary. Alcohol in the dry mixes is encapsulated within a soluble material. When mixed with water, the encapsulating material dissolves, freeing the alcohol so that it can also enter the resulting solution. Before approving the marketing of these drinks, it was necessary for the Bureau to arrive at a method to determine taxes on this alcohol and to approve the packaging. The marketing of powdered alcohol began in California.

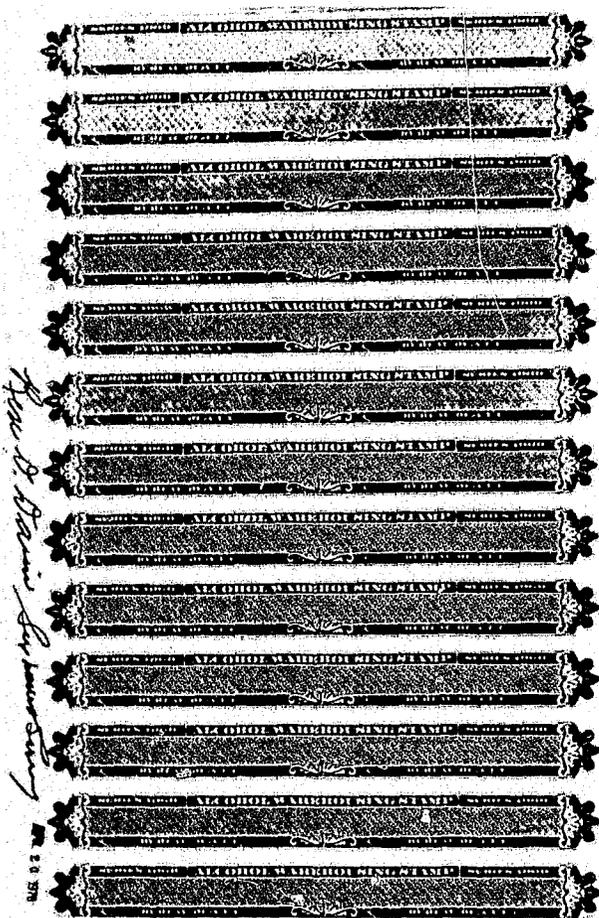


Inspector William F. Frye compares a weapon to its description in the licensed dealer's acquisition and distribution record book as part of an on-premises inspection of a sporting goods store in Springfield, Va.

Liquor Bottle Strip Stamps

As part of the Bureau's continuing effort to reduce the costs of the liquor bottle strip stamp program, ATF examined the feasibility of procuring strip stamps from commercial sources. Working with printing representatives from Main Treasury, the Government Printing Office (GPO) and the Bureau of Engraving and Printing (BEP), ATF developed detailed stamp security specifications for inclusion in a possible commercial contract, and assisted GPO in the solicitation of stamp production and price estimates from the printing industry. ATF estimated \$1.2 million annual savings would result from this program.

On July 27, 1977, an advance notice of proposed rulemaking was issued to solicit information from industry members and the public on the best course of action regarding alternatives to paper strip stamps. ATF will issue a notice of proposed rulemaking in fiscal 1979 to reshape the strip stamp program by authorizing alternatives and eliminating two of the four colors of stamps and requirement to overprint certain information.



Sample of the new ATF strip stamps showing signatures and date of signing.

Industry Education

In addition to numerous speeches and seminars conducted across the nation, the Bureau participated in two joint ATF/National Alcoholic Beverage Control Association (NABCA) seminars for control state administrators. The meetings gave the Bureau an opportunity to present its position on various trade practice matters which concern the control states.

Approximately 1,531 licenses and applications for licenses were denied, withdrawn or revoked. Regulatory Enforcement inspected 8,361 new firearms license applicants to explain pertinent portions of the law and regulations prior to issuing audit inspections at established licensees' business premises. Inspectors evaluate compliance with Federal firearms control laws and regulations.

Firearms Program

ATF processed and issued 144,161 firearms licenses, consisting of 139,338 renewed licenses and 29,963 new (original) licenses.

ATF furnished Federal firearms licensees "Your 1977 Guide to Firearms Regulations," that contained Federal firearms laws and regulations, and excerpts of State laws and local

Firearms Licenses as of September 30, 1978

Region	Firearms						Destructive Devices			
	Dealers	Pawn brokers	Coll.	Milit. Army	Mar.	Imported	Dealers	Milit.	Imported	Totals
North Atlantic	10,956	31	839	692	69	72	0	5	1	12,665
Mid Atlantic	14,801	74	784	1,100	52	58	1	2	4	16,876
Southeast	26,203	817	537	887	28	44	0	5	2	28,523
Central	23,401	270	651	1,152	42	28	1	2	2	25,549
Midwest	30,481	213	687	1,411	33	42	0	5	1	32,873
Southwest	26,146	1,092	446	1,184	71	56	2	2	1	29,000
Western	20,693	616	685	1,309	127	117	2	14	3	23,566
TOTALS	152,681	3,113	4,629	7,735	422	417	6	35	14	169,052

ordinances as they relate to firearms and ammunition. To further assist licensees in conducting transactions in compliance with Federal requirements, ATF prepared and distributed "Federal Firearms Licensee Information," a pamphlet consisting of a general guide to Federal requirements.

Proposed Firearms Regulations

A notice of proposed rulemaking was published in the Federal Register on March 21, 1978, to update several firearms regulations and add three significant changes:

- (1) Serial numbers for each manufacturer of firearms;
- (2) Reporting of thefts or loss of firearms by licensee;
- (3) Manufacturers quarterly report.

Although the proposed regulations specifically did not apply to non licensees, public reaction perceived the firearms reporting proposals as the first step toward gun registration. As a result, Congress denied funds to implement the proposed regulations.

The extended comment period closed on June 30, 1978, with over 300,000 comments received; they ran 17 to one against the proposal. These comments have all been read and ATF submitted a summary report of the comments to Main Treasury at the end of fiscal 1978.

Firearms License Activity

		FY 70	FY 71	FY 72	FY 73	FY 74	FY 75	FY 76	FY 77	FY 78
Applications Received	Original	27,866	23,826	24,112	24,231	24,873	29,183	29,511	32,560	29,963
	Renewal	111,008	125,386	125,689	127,911	133,880	138,719	138,050	136,629	139,338
	Total	138,874	149,212	149,801	152,142	158,753	167,902	167,561	169,189	169,301
Licenses Issued		138,865	144,548	147,026	148,600	156,443	161,927	165,697	173,484	144,161
Licenses Denied*		2,512	1,032	1,683	1,669	1,540	423	3,675	3,472	1,531
Licenses Revoked		8	7	42	12	17	7	6	10	24

*Includes abandoned, withdrawn and denied.

Explosives Program

During fiscal 1978, ATF received and processed 8,287 explosives permit and license applications, resulting in the issuance of 7,065 permits and licenses. In addition, the Bureau conducted 1,567 application and 4,639 compliance inspections to determine that licensees were complying with laws and regulations.

ATF and the Mining Safety and Health Administration (MSHA) cooperate in the enforcement of explosives laws at the premises of coal, metal and nonmetal mining operations.

Under a memorandum of understanding with ATF, MSHA inspectors conducted more than 13,000 separate inspections in fiscal 1978 to determine mine operation compliance with Bureau explosives storage requirements. The memorandum of understanding with MSHA is under revision because the Mining Enforcement and Safety Administration has moved from the Interior Department to the Department of Labor.

Interagency Control of Explosives

The Bureau continually is seeking to coordinate the efforts of the Federal agencies involved with explosives-

Inspector Barry Fields inventories the magazine of Tri-State Explosives, Inc., in Bethesda, Md. Regulatory Enforcement inspectors make periodic spot checks and permittees are required to report thefts or losses within 24 hours.



Teri Haupt and Thomas Busey pull from storage one of the 300,000 letters submitted to ATF during the comment period on proposed changes in Federal firearms regulations.

related activities. During fiscal 1978 the Department of Defense requested review of a proposed military directive which would require those persons obtaining military contracts to store explosives in accordance with the law and regulations administered by ATF. A memorandum of understanding between the Bureau and Department of Defense to formalize coordinated effort was suggested, and will be developed during fiscal 1979. This coordination is important, as the explosives law exempts from its requirements both explosives used by a military department and persons who manufacture explosives for use by a military department.

Revised Explosives Regulations

A Treasury decision recodifying and amending the explosives materials regulations was forwarded for final review in May 1978. The primary purpose of the proposed Treasury decision is to enable the Bureau to adopt many standards of safety and security now generally recognized by the explosives industry and other regulatory agencies. The major amendments include:

- (1) Revision of explosives storage and recordkeeping requirements;
- (2) Addition of new terms to conform more to current industry terminology;



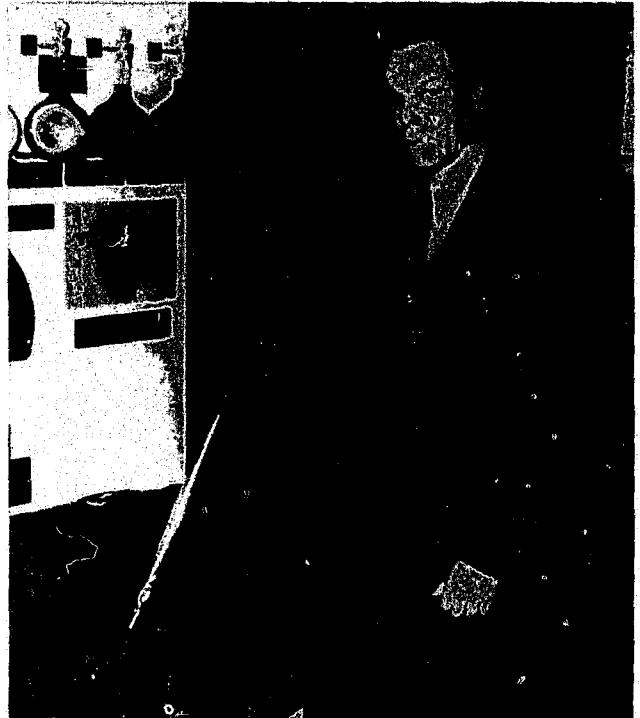
Former Director Rex D. Davis signs inaugural sheets of new strip stamps while Seymour Barry, Director of the Bureau of Printing and Engraving, waits to add his signature. The new stamps have ATF printed on them instead of IRS.

- (3) Redesignation of 27 CFR Part 181 as new Part 55;
- (4) Clarification and simplification of existing regulatory language to make the regulations easier to understand.

Tobacco Program

ATF is responsible for the regulation and control of 335 tobacco permittees. To ensure the collection of more than \$2.2 billion in Federal revenue, the Bureau processed 837 claims for tax refund, conducted 882 revenue protection audits and conducted 122 application inspections.

Regulatory Inspector, Phillip Montgomery, demonstrates the use of the "whiskey thief" he donated to the ATF Museum when he retired. The metal instrument was used to draw distilled spirits from the aging barrel to determine the proof, and thereby the taxes.



Theodore McFadden, Chief Industry Control Division, (left) discusses with William Davis applications for special permits to produce alcohol to mix with gasoline to form gasohol to use as vehicle fuel.

office of technical and scientific services

The Office of Technical and Scientific Services provides technical, scientific, and data processing services to the Bureau in its enforcement and regulation of Federal alcohol, tobacco, and firearms laws.

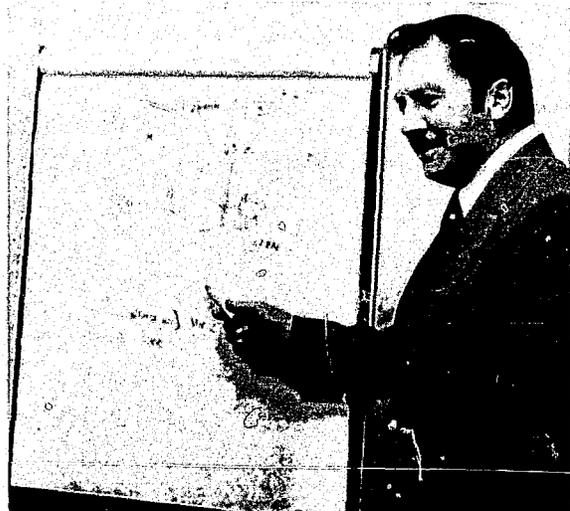
Services are provided from Headquarters offices and five laboratories in Atlanta, Cincinnati, Philadelphia, San Francisco, and Rockville, Md.

The National Laboratory Center in Rockville was opened in June 1978 to replace inadequate ATF laboratory space in downtown Washington, D.C.

Laboratories

Bureau laboratories provide technical and scientific support to both Regulatory and Criminal Enforcement operations. The ATF National Laboratory Center and four field laboratories also examine evidence without charge for State and local law enforcement agencies. This accounts for about 15 percent of the laboratory work.

Both ATF special agents and local officers have Bureau laboratory support available for the analysis of physical evidence, using forensic sciences and identification technology. Because of ATF advances in specialized fields, such as explosives tagging, ink tagging, voiceprints, and tape filtering techniques, several international scientists visited ATF facilities to train in these fields.



**C. Michael Hoffman, Assistant Director
Technical and Scientific Services.**

ATF implemented a voiceprint identification program in 1972.

In fiscal 1978, 76 cases involving 1,904 exhibits were examined. The ATF examiner is the only court-qualified voiceprint expert in a Federal agency who holds international certification, and is one of 19 in the United States.

This year a National Science Foundation study concluded that voiceprint identification is scientifically valid. This study should help voiceprint identification gain acceptability in court.

Laboratory scientists examined 7,769 exhibits in 1,205 arson and explosives cases in fiscal 1978. The recovery of a dynamite bomb under a car in California led to an ATF laboratory ink examination which linked the device to a member of the Hell's Angels motorcycle group in San Diego. A search of the suspect's house uncovered a pen used to punch holes in the dynamite device. Though nitroglycerin was found on the tip of the pen, it was the pen's ink formulation that was the

LICENSEES		
Type of Application	Number of Applications	Number of Firearms
Manufacture/Import/Reactivate (By a dealer)	628	95,535
Manufacture (By an individual)	69	69
Export (By a dealer)	170	93,468
Tax-Exempt Transfer to Government Entity	1,010	1,010
Tax-Exempt Transfer to an Individual	221	221
Tax-Exempt Transfer to a Dealer	645	645
Tax-Exempt Transfer Between Dealers	8,822	8,822
Taxpaid Transfer to a Dealer	137	137
Taxpaid Transfer to an Individual	1,780	1,780
Registration by a Government Entity	584	1,008
Temporary Interstate Transportation by an Individual	200	200
TOTAL	14,266	202,895

significant link between the suspect, the device, and some dynamite wrappers involved in an earlier attempted bombing.

During the 1978 coal mine strike in Kentucky and West Virginia, many samples from bombings involving dynamite and homemade devices were sent to the Atlanta Field Laboratory for analysis. Cooperation between agents and laboratory scientists helped lead to convictions.

Firearms and toolmark examinations are an important part of many investigations. Laboratory scientists examined 1,163 exhibits in 465 cases during fiscal 1978.

Bullet fragments dispersed in the brain of a victim in Montana were analyzed by forensic scientists to determine caliber. The scientists found the fragments to be from a high velocity small caliber bullet rather than from a large caliber bullet, as originally suspected. This new information identified a different rifle, and pointed to a second suspect, who, as a result, was charged and pleaded guilty.

Forensic scientists examined 8,122 exhibits in 1,211 cases requiring fingerprint examination. The Internal Revenue Service requested ATF examination of documents in a \$1.5 million stock manipulation fraud case. An ATF fingerprint expert showed that some of the questioned documents were linked to five of nine defendants involved in the conspiracy.

Laboratory scientists also examined 7,734 exhibits in 980 gunshot residue examinations, 802 exhibits in 59 serology analyses, 196 exhibits in 146 illicit distilled spirits cases and 1,637 exhibits in 156 cases involving comparative analysis of hair, paint, metal, and chemical samples in law enforcement cases.

Scientists examined 19,028 exhibits in 1,413 cases involving questioned documents and 1,221 exhibits in 120 cases requiring ink and paper analysis. Photographic service was provided for 169,992 exhibits in 5,519 separate requests.

In fiscal 1978, the National Laboratory expanded its use of the computer data base information search and retrieval system, which is part of the laboratory library. The data base service was used extensively by all Bureau offices.

Assistant Secretary Davis examines particles of powder enlarged by microscope.



The Headquarters Chemical Laboratory provides advisory and analytical services to Regulatory Enforcement operations for alcohol and tobacco products, such as formula and label compliance, consumer protection and analyses in connection with tax classification. It is concerned also with the accuracy of gauging instruments and the development of security devices to protect revenue. The field laboratories also provide many of these services.

In fiscal 1978, as part of its consumer protection responsibility, the laboratory revealed that certain flavored

vodkas contained levels of coumarin flavor in excess of those allowed by law. Upon ATF recommendation, the products were recalled.

The Chemical and field laboratories examined 9,513 alcoholic beverage samples, 1,948 nonbeverage alcohol samples and 4,845 specially denatured alcohol product samples. The laboratories also examined 962 exhibits in 82 investigative cases in which alcoholic beverage containers were refilled with beverages other than that indicated on the label.

**FY-1978 LABORATORY CASELOAD*
SUPPORT TO CRIMINAL ENFORCEMENT**

FORENSIC ACTIVITIES

	Arson	Explosives	Comparative	Gunshot Residue	Serology	
Atlanta	35 186	160 995	11 34	57 446		120 137
Cincinnati	18 92	241 1,453	8 109			
Philadelphia	25 130	96 793				2 5
San Francisco	60 157	108 869	18 84	115 1,054		
Headquarters	228 726	234 2,368	119 1,410	808 6,234	59 802	
Total	366 1,291	839 6,478	156 1,637	980 7,734	59 802	

*For each entry the upper number refers to the number of cases while the lower number refers to the number of exhibits.

↑
146
196

Training

Bureau laboratories have been used to train forensic scientists, officials from other agencies, and forensic intern students from several universities. As part of an expanded inhouse training program, the ATF National Laboratory developed courses during fiscal 1978 for Bureau scientists from field laboratories. The programs were designed to develop analytical procedures, train new staff, allow exchange of ideas, and open new areas of expertise to Bureau specialists. Programs include specialized schools for gunshot residue, arson, ink and paper analysis, regulatory chemistry, forensic microscopy, and firearms examination.

The Forensic Science Laboratory conducts proficiency tests to ensure accurate and reliable results on physical evidence examination by all laboratories. In fiscal 1978, as part of this effort the Headquarters Forensic Science Laboratory began preparation of a manual of recommended methods of analysis. Similar testing is conducted by the Chemical Branch to insure reliability. These interlaboratory studies involve both industry and the ATF laboratories. From such testing and study, methodology is developed that is accepted as official and suitable for both routine use and in resolving questions arising among laboratories.

Questioned Documents	Fingerprint	Toolmark & Firearms	Ink & Paper	Voiceprints	Photography	Total
504	517	83			726	2,213
5,660	3,520	158			10,775	2,301
		56			2,476	2,709
		192			24,756	26,602
	61	113			84	409
	140	242			669	1,051
		20				20
		31				31
909	633	193	120	76	2,233	5,112
13,368	4,462	540	1,221	1,904	133,792	145,827
1,413	1,211	465	120	76	5,519	11,704
19,028	8,122	1,163	1,221	1,904	133,792	155,228

Automated Data Processing

The services provided by the Automated Data Processing (ADP) Services Division increased nearly 50 percent in fiscal 1978. ADP Services Division issues 90 computer reports on a regular basis, and is responsible for applying data processing techniques to all appropriate Bureau needs, streamlining existing systems, and providing efficient computer service.

A file of Federal firearms licensees and explosives permittees was added to the computer system in fiscal 1978 to provide monthly printouts on microfiche. The two systems have netted significant savings in time, computer paper, and storage space.

In fiscal 1978, the ADP staff began studying microfiche formats for two other Bureau programs, the Capital Assets Property System (CAPS) and Criminal Automated Reporting System (CARS). The Automated Inspection Management System (AIMS), the Laboratory Automated Workload System (LAWS), and CARS were combined with the ATF Computerized Financial Management/Planning System (FM/PS).

ATF Chemical Laboratory Chief Charles Midkiff explains functions to Treasury's Assistant Secretary Richard Davis, Deputy Secretary Robert Carswell and Under Secretary Bette Anderson.



**Firearms Technology
Branch**

ATF firearms technicians examine, identify, classify, and test firearms for Bureau agents as well as for other Federal, State, and local law enforcement authorities. Technicians also examine and evaluate foreign-made handguns to determine if they are eligible for importation into the United States.

In fiscal 1978, the Bureau opened a new vault to house its firearms reference library of more than 4,000 weapons.

Technicians also provide training in the areas of firearms safety, handling, and identification for Treasury agents. Additionally, the technicians prepare replies to the general public, members of the firearms industry, and Congress regarding technical matters dealing with the Gun Control Act of 1968.

**Firearms
Tracing**

ATF's National Firearms Tracing Center traces domestic and imported firearms to their first retail sale as an investigative aid for Federal, State, and local law enforcement agencies. Firearms trace information also is used to compile analytical data to study the flow of firearms into major U.S. cities.

Since the Center's inception in October 1972, more than 240,000 firearms have been traced, either to an individual or to the last retail dealer. Approximately 5,500 trace requests are received monthly. More than 64,000 traces were requested during fiscal 1978.

The National Firearms Tracing Center can trace firearms to domestic manufacturers as well as to manufacturers in 14 countries.



The National Firearms Tracing Center was requested to trace more than 64,000 domestic and foreign firearms in fiscal 1978.

Firearms technician Curtis Bartlett examines part of a firearm in the workroom of the new National Firearms Reference Library.



Forensic Chemist William Kinard analyzes evidence by Neutron Activation Analysis.



Imports

Under the Arms Export Control Act of 1976 (formerly the Mutual Security Act of 1954), import permits are issued for all firearms, ammunition, and implements of war. During fiscal 1978, the Bureau approved and issued 13,299 import permits. Of these, 11,236 pertained to firearms, 600 covered firearms and ammunition, 651 were for ammunition only, and 872 covered other implements of war; disapproved applications totaled 267.

Importers of articles enumerated on the U.S. Munitions Import List are required to register with ATF. The registry is approved and maintained by the Bureau. Currently, there are 286 registered importers in the United States.

Certain foreign countries are entitled to request certification of legality of importation of articles on the U.S. Munitions Import List (27 CFR 47.51). During fiscal 1978, ATF issued 769 international import certificates.

National Firearms Act Weapons

National Firearms Act (NFA) weapons, which include short-barreled shotguns and rifles, machineguns, silencers, and destructive devices, are controlled by ATF. In fiscal 1978, ATF processed 14,066 applications involving 202,695 firearms and destructive

devices. This is an increase of 2,720 firearms registered in the National Firearms Registration and Transfer Record.

During the year, 3,275 searches of the National Firearms Registration and Transfer Record were conducted in response to ongoing criminal investigations. This work resulted in the preparation of 2,146 certifications of registration status for use as evidence in Federal court proceedings.

There are 808 firearms licensees registered to deal in NFA type weapons.

Explosives Technology,

ATF explosives specialists offer a variety of services to ATF personnel and other Federal, State, and local law enforcement officers.

ATF is responsible for the evaluation of new explosives developed for sale and distribution within the United States, and provides technical advice on Federal explosives storage regulations. The Bureau provides explosives training for State and local law enforcement officers.

During fiscal 1978, explosives specialists provided onsite investigative technical assistance at 75 bombings and accidental explosions.

Destructive device and explosive determinations were prepared for 300 explosives and incendiary incidents.

Ninety-nine criminal cases were prosecuted successfully in which technical assistance was provided during fiscal 1978.



A gas-chromatograph/mass-spectrometer is used by chemist Peter Buscemi to analyze various regulatory samples. Here he readies the system for analysis.

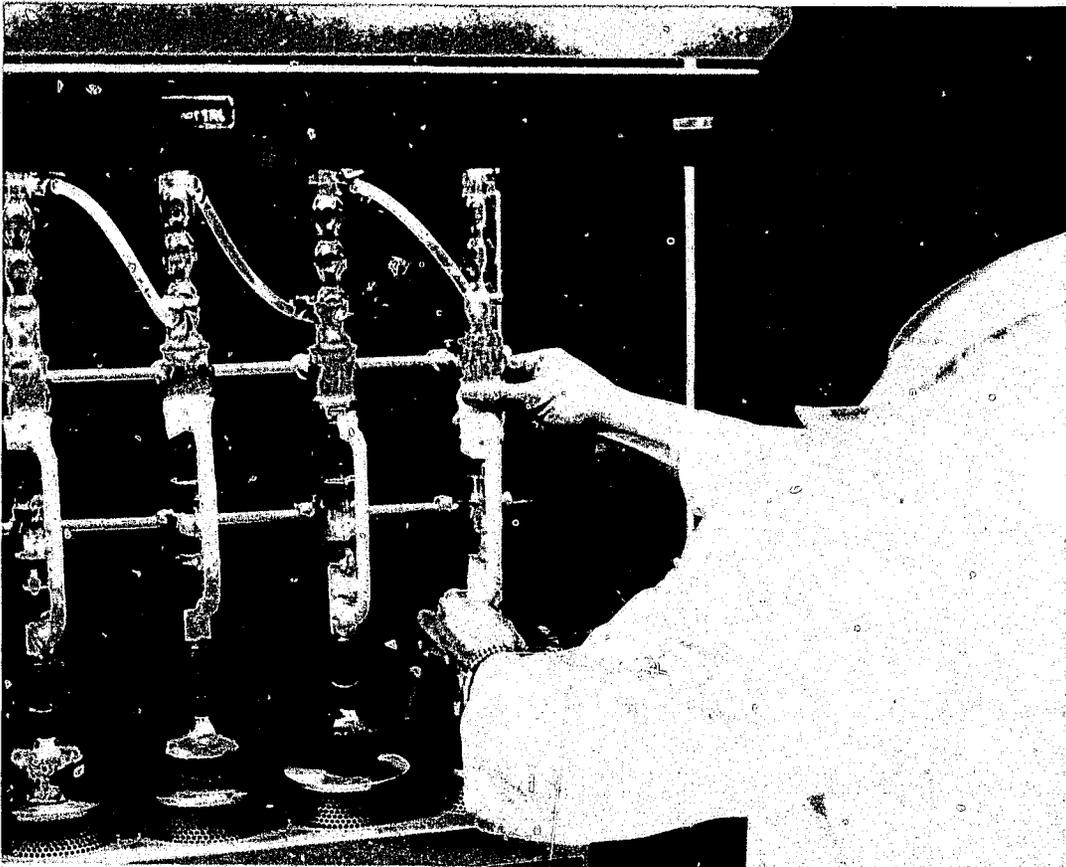
To support investigations involving destructive devices and explosives, technicians developed methodology helpful to field agents for classifying explosives and incendiary devices. Explosives specialists also expanded efforts to provide technical assistance in arson-related cases.

The National Explosives Tracing Center increased service to law enforcement agencies with more than 1,500 traces in fiscal 1978. Traces have helped provide investigative leads in bombing and explosives theft cases.

To assist the Bureau's development of an explosives tagging program, the Explosives Tracing Center began providing distribution information concerning tagged explosives.

The Bureau trained more than 200 ATF special agents in the handling, transportation, and destruction of explosives to increase the Bureau's ability to safely dispose of seized or abandoned explosives.

Chemist John Steele examines tobacco products for tax classification purposes.



research and development

The Explosives Tagging Program is a major ATF project to help reduce bombing crimes. Detection taggants are designed to permit the detection and location of bombs before detonation. Identification taggants are designed to survive detonation and give adequate information on the explosive for a trace to be made.

Fiscal year 1978 was the second year of funding of the Explosives Tagging Program. While a year ago there were no prospects of solving tagging for detection, two achievements by program researchers have made this a technological possibility—discovery of compounds meeting the exacting requirements for detection taggants and micro-encapsulation as a method of packaging the taggants.

the advisory committee on explosives tagging

- Bureau of Alcohol, Tobacco and Firearms (Chairman)
- Federal Bureau of Investigation
- Environmental Protection Agency
- Law Enforcement Assistance Administration
- Bureau of Mines
- Department of Transportation
- Department of Defense
- Department of State
- Department of Energy
- Federal Aviation Administration
- U. S. Customs Service
- U. S. Postal Service
- U. S. Secret Service
- International Association of Bomb Technicians and Investigators
- Institute of Makers of Explosives
- Sporting Arms and Ammunition Manufacturers' Institute
- Air Line Pilots Association
- American Society of Industrial Security
- Washington College

the technical assistance committee

- Bureau of Alcohol, Tobacco and Firearms (Chairman)
- Institute for Defense Analyses
- U. S. Postal Service
- Bureau of Mines
- Sandia Laboratories

Tagging for Identification

The first class of explosives to be tagged for identification, the dynamites, water gels and slurries, were selected as first priority because they are powerful explosives and cause most deaths, injuries and property damage. Research on tagging this class of explosives has been completed, and a National Pilot Test for identification was undertaken. In this test nearly 10 million pounds of dynamites, water gels and slurries were manufactured with taggants in them and distributed in the normal commercial channels. Safety tests have proved that the taggants for identification, manufactured by the 3M Company, do not increase the risk or provide any significant hazard to the already sensitive explosives.

On November 18, 1977, a demonstration was held at



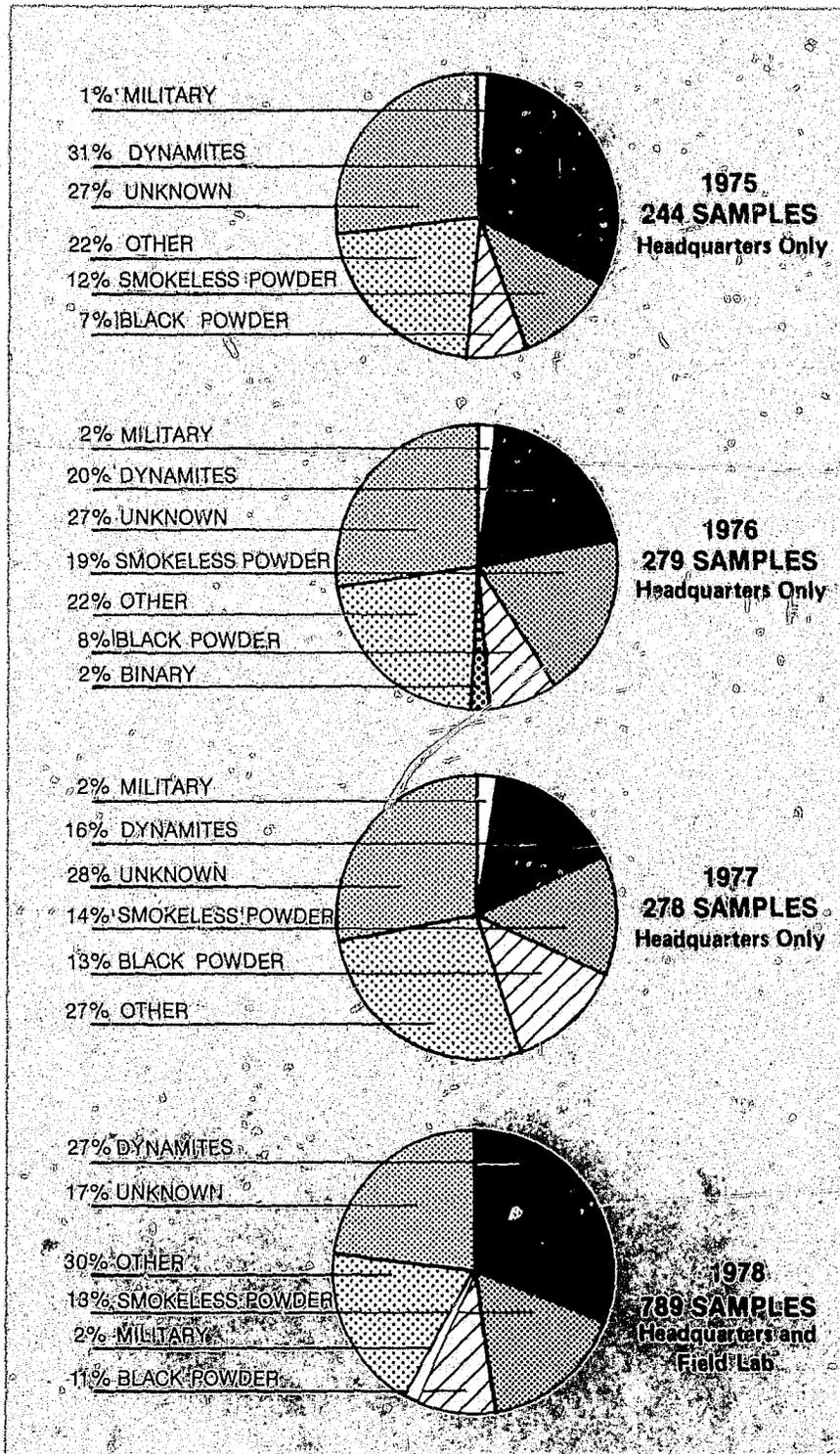
Congressman Glenn M. Anderson of California with A. Atley Peterson, ATF's manager of the Explosives Tagging Program at the tagging demonstration, Fort MacArthur, Calif. November 18, 1977.

Fort MacArthur near San Pedro, Calif. Congressman Glenn M. Anderson of that district attended, as did governmental officials of the area, several hundred representatives of the police departments, and other interested persons. Explosives tagged for identification were detonated and taggants were recovered and read by ATF agents.

The second class of explosives intended to be tagged for identification is black and smokeless powders. These explosives are used by criminals more than any other type of explosives. The black and smokeless powders are frequently used in criminal bombings because of their availability.

Two problems that research must overcome in tagging black and smokeless powders (in addition to proving compatibility with manufacturing processes without undue hazard) are to ensure that the addition of the taggants (1) causes no degradation of the ballistic qualities of the powder and (2) would have no undue wearing effect on the firearm and would not foul the mechanism of the firearm. Tests are being undertaken to ensure that taggants do not impair these qualities, that they are compatible with the powders, and that they adhere to the requirements for safety.

off laboratory analyses of
explosives used in crime





ATF bomb investigator reads color code on identification taggant in the field. He will telephone this code to the National Explosives Tracing Center at ATF Headquarters for an immediate trace. Then he will have an ATF laboratory verify the code.

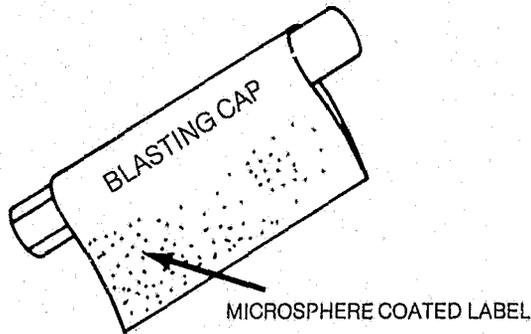
Tagging for Detection

Tagging for detection of electric blasting caps (detonators) was achieved in the laboratory by several techniques. The electric blasting cap was selected for tagging for detection because it is used in most explosives crimes. It is possible to add the detection taggant by impregnation in the plug or to outer surfaces of the electric blasting cap. In addition, ATF now is experimenting with adding micro-encapsulated taggants directly to blasting caps as well as to bulk explosives. These micro-capsules appear to the naked eye as small grains of sand. Micro-encapsulation and the sensing of the encapsulated vapors were proved feasible in fiscal year 1978.



Identification taggants through the eye of a needle. Layers (lower right) are the color codes.

detection tagging of explosives



- TAGGANTS ADDED AS MICRO/ENCAPSULATED LIQUIDS (blasting cap labels, bulk explosives and powders)

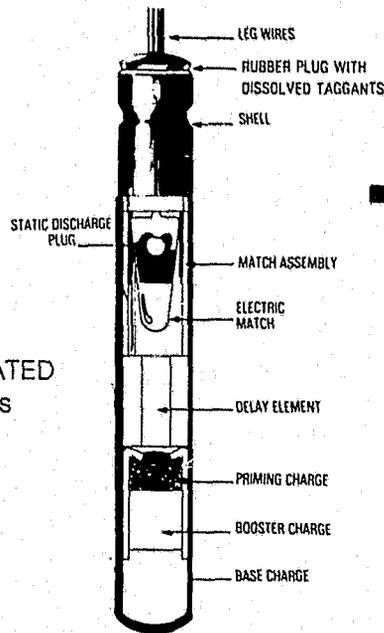
Detection Without Tagging

An advanced phase of the Explosives Tagging Program is detection without taggants. This program is going forward with considerable promise in dual energy tomography.

Research is also being pursued in the use of animals to smell explosives. Initial studies have shown they can respond to some classes of explosives.

General

Congress held several hearings on legislation to authorize explosives tagging. Opposition came from the gun owners lobby, particularly concerning the tagging of black and smokeless powders used in ammunition and misused in pipe bombs. Congress did not vote on the bills, and consequently, no explosives tagging law was passed.



- TAGGANTS DISSOLVED IN ELECTRIC BLASTING CAP RUBBER PLUG

The Advisory Committee on Explosives Tagging grew from 15 to 19 members with the addition of representatives of the Sporting Arms and Ammunition Manufacturers' Institute, the Air Line Pilots Association, the American Society of Industrial Security, and the Department of State.

The Aerospace Corporation continued to perform as the technical systems manager and as prime contractor.

There are now 45 subcontractors to the Aerospace Corporation participating in the research on explosives tagging.

The manufacturers of the explosives contributed knowledge and assistance to help advance the program by providing invaluable technical expertise in the research and development.

office of administration

The Administration Office provides support services for Bureau personnel through its Headquarters staff and seven regional offices. Support services include fiscal and personnel management, Bureau communications, training, facility improvement and maintenance, printing and distribution, forms management and management analysis.

Fiscal Management

The Bureau's fiscal 1978 budget totaled approximately \$128.6 million. About 4,000 people were employed during the year. Firearms and explosives programs accounted for almost two-thirds of ATF expenditures, and reflected the Bureau's priorities in investigating violent crime. Alcohol and tobacco enforcement comprised the remainder of the budget.

To execute programs in alcohol, tobacco, firearms and explosives enforcement and regulation, ATF spent 71.5 percent of its budget on salaries and benefits, 9.1 percent on communications and space, 4.2 percent on travel, 3.5 percent on printing and 11.7 percent on miscellaneous areas.

In fiscal 1978, the Administration Office implemented an Automated



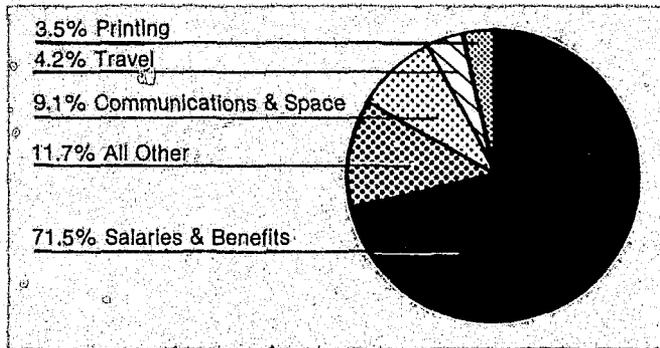
William J. Rhodes

Allocation/Obligation System. Expenditure data and disbursements for each of the Bureau major offices are stored in a computer, and may be compared with projected expenditures to ensure fiscal control. Automated monthly reports allow Headquarters and field managers to monitor their budgets more easily.

Fiscal operations partially were decentralized during the year. Regional offices assumed responsibility for paying certain types of charges within their service areas, such as telephone bills and some supply orders. In addition, the Dallas Regional Office began processing moving expense vouchers for field employees throughout the nation. In the coming year, fiscal decentralization will be broadened to cover a wider variety of expenses.

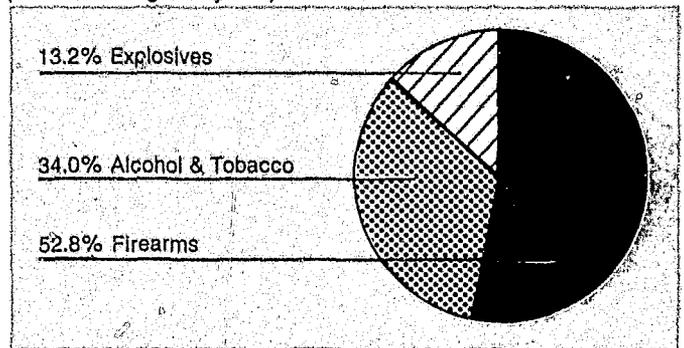
Fiscal Year 1978

OBLIGATIONS BY OBJECT OF EXPENDITURE



OBLIGATIONS BY ACTIVITY

(Criminal & Regulatory Enf.)



Personnel Management

To help improve the classification system for special agent positions, the Administration Office began a Criminal Enforcement Investigation Analysis System in July 1978. When agents complete an investigation, their supervisors assign a GS-grade level to the work, based on its complexity. The system is a tool in determining the grades for special agent positions, and allows supervisors to participate in the position classification process.

The Office of Administration requested and received permission from the Civil Service Commission to appoint, without examination and on a nontenured basis, 58 criminal investigator candidates who have special skills and abilities necessary for sensitive undercover assignments.

The Employee Relations Branch continued to refine the Bureau's agreement with the National Treasury Employees' Union. The Bureau has avoided problems in executing the agreement by keeping supervisors of bargaining-unit employees regularly informed of interpretive decisions.

Communications

The Communications Center staff in Washington, D.C., spent 65 percent of its daily activity in support of law enforcement efforts. Communications helped in the apprehension of 534 suspects and the recovery of 197 stolen firearms. The remaining 35 percent of the center's work was made up of other communications and computer file maintenance.

Fourteen cities were added to the Bureau Treasury Enforcement Communications System (TECS) network. The additions expanded TECS coverage of ATF field offices by 27 percent, and required a redesign of transmission facilities. The redesign incorporated faster line speeds, onsite channel equipment and a 4,800-word-per-minute printer to receive online reports from the computer. Teletype terminals at Criminal Enforcement district offices were upgraded. The Administration Office estimated the new terminals would meet Bureau needs for 5 to 7 years.



Martin Secula checks the paper feed on the new high-speed printer installed in the Communications Center to receive online reports from the computer.



Law Enforcement Training Branch Chief, Peter Mastin watches Special Agents Nancy Martin and Doris Jefferies box during new agent physical training session.

Training

Seventy percent of the 3,092 Bureau employees who participated in training courses during fiscal 1978 were from Regulatory Enforcement and Criminal Enforcement. The remaining 30 percent came from other areas of the Bureau and attended specialized training in management, administrative and technical subjects.

Criminal Enforcement.

The ATF Law Enforcement Training Branch in Glynco, Ga., expanded its special agent basic training course by an additional week to include instruction in hostage negotiation, stress management, radio communications, report writing and practical courtroom procedures. One hundred and

Special Agent Glenn Brazil examines Thompson submachinegun during firearms familiarization exercise.



Special agents conduct postblast investigation of car bombing during practical exercise on ATF's Explosives Range, Glynco, Ga.



sixteen new agents participated in the 7-week basic new agent course during fiscal 1978.

The Bureau broadened the scope of its specialized enforcement training to include certified explosives handling instruction, advanced explosives investigation and arson investigation. Staff from the ATF laboratories taught classes in arson evidence analysis, gunshot residue and firearms and toolmark examination. A total of 1,271 senior agents participated in specialized enforcement training.

The Bureau continued to provide seminars in several law enforcement subjects for State and local police officers. Under a grant from the Law Enforcement Assistance Administration, 194 officers attended ATF-sponsored organized crime investigation seminars at various sites nationwide.

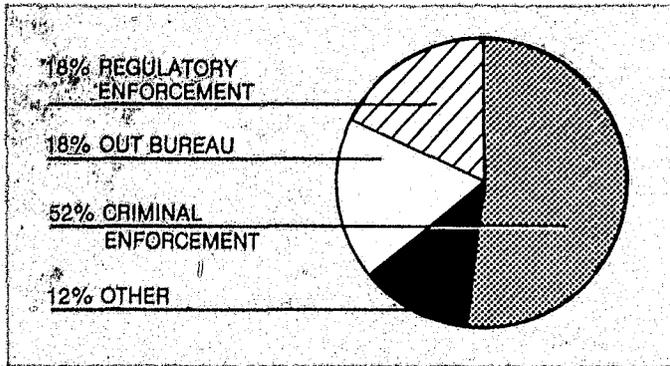
Regulatory Enforcement.

Regulatory Enforcement's basic training course was revised in fiscal 1978, and was attended by 30 new inspectors. A total of 475 senior inspectors attended a variety of courses including audit seminars, refresher training and specialized instruction in the Federal Alcohol Administration Act and National Firearms Act.

Other Areas.

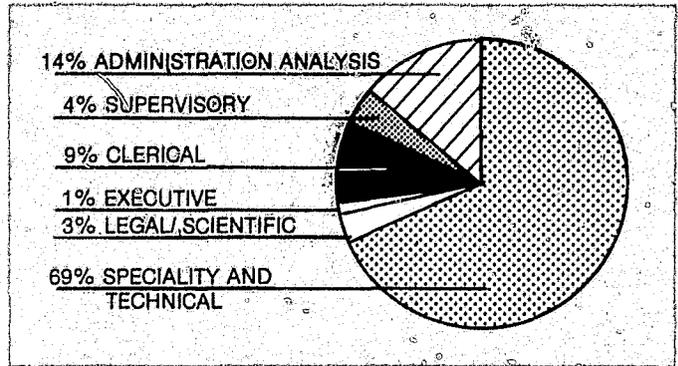
In fiscal 1978, 468 Bureau employees attended specialized training offered by other Government agencies, universities and private industry. This represents a nine percent increase over fiscal 1977. Supervisory/management training courses were provided for 95 personnel in supervisory and management positions.

ATF Headquarters Funded Training Based on Number of Participants



OTHER: Administration | Technical & Scientific Services | Office of Inspection

TRAINING ACCOMPLISHMENTS (BUREAU - WIDE) Percentage of Participants by Type of Training



The Training Division offers seminars for ATF supervisors who help design training programs for their employees.

As part of its instructor training efforts, the Training Division began a course design class to teach selected employees a systems approach to training course development. In the systems approach, selection of training techniques is determined by an analysis of the principal tasks of the job which requires training.



Willie E. Davis works at his drawing board to produce visual material for training films and tapes.



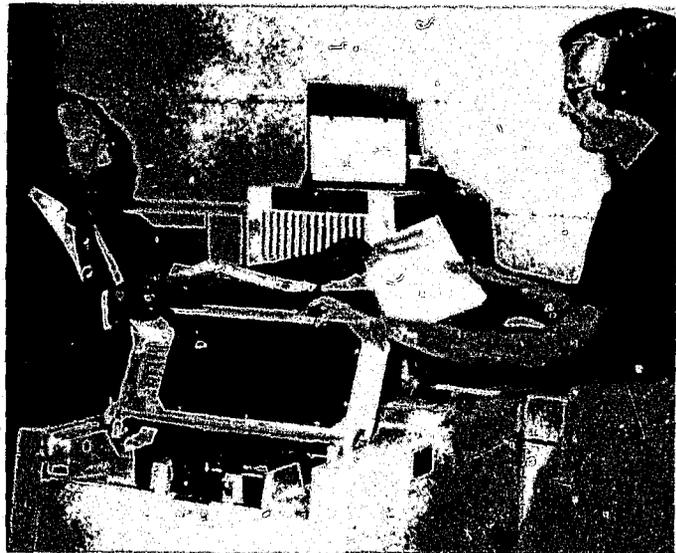
Roberta Alford, aide in the audiovisual section of the Training Division Employee Development Branch, operates equipment for generating special effects on video tape.

Printing and Distribution

The Administration Office added new photocopy equipment to the Headquarters reproduction facility in March 1978. By meeting more inhouse printing needs, the new equipment will save about \$60,000 annually.

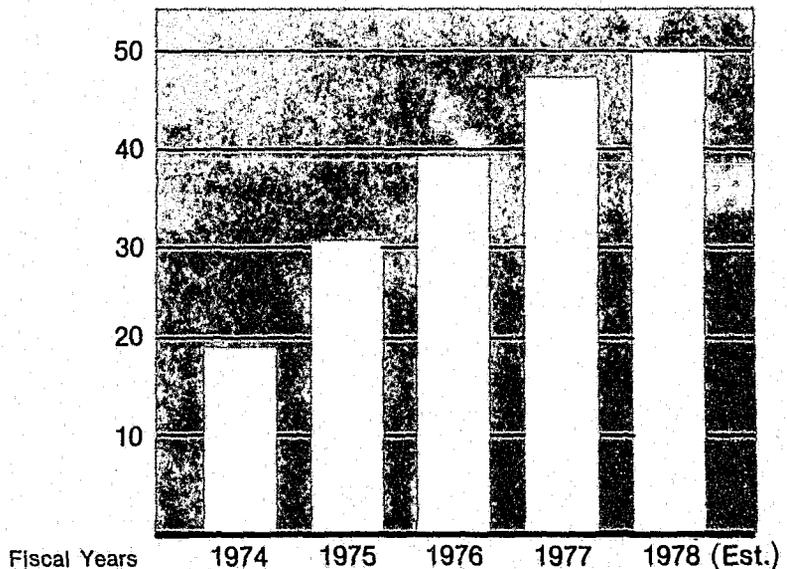
The Bureau also issued an ATF series of alcohol beverage revenue strip stamps in March 1978. These replace Internal Revenue Service issues the Bureau had continued to use until the supply was exhausted. Strip stamps are affixed to bottle tops of distilled spirits to show proof of Federal taxpayment.

The ATF Distribution Center, located in Arlington, Va., stocks and distributes Bureau forms and publications. The Center experienced a six percent increase in workload to almost 50,000 orders during fiscal 1978. The Center shipped 58,495 packages and 101,257 envelopes at a cost of \$142,275.



Printing Officer Anthony Malanka (left) hands Dirck Harris a press release to print on new photocopy equipment installed in March 1978.

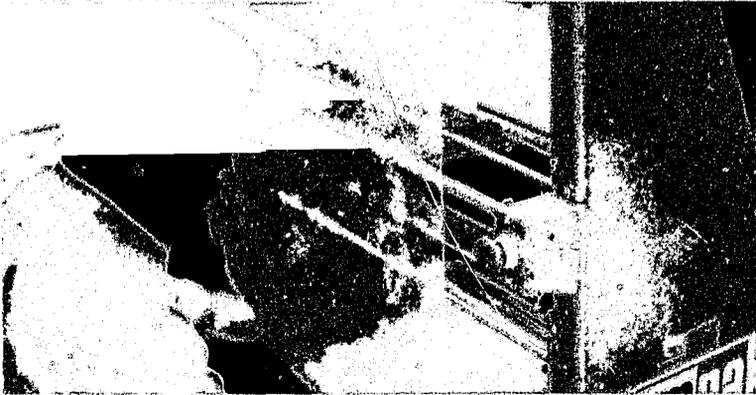
ATF DISTRIBUTION CENTER
Annual Requests for Services and Material
 (Thousands)



Facility Improvement

As part of its responsibility to manage ATF office space, the Administrative Office worked with the ATF National Laboratory in Washington, D.C., to open new laboratory facilities in Rockville, Md., in fiscal 1978. Planning by the laboratory staff and the Administrative Programs Division began in fiscal 1976. The new laboratory allows ATF scientists to meet increasing demands and to offer a broader range of services to ATF field employees and to other Federal, State and local officials.

In fiscal 1978, ATF also moved its firearms reference collection from the Internal Revenue Service building in Washington, D.C., to Bureau Headquarters offices. The move required a redesign of storage space to provide an expanded, climatically controlled weapons vault. The facility includes a work area for testing firearms involved in criminal investigations.



Curtiss Moses, clerk at the ATF Distribution Center, places an order of forms into the tunnel of the Shrink-Wrap machine for packaging. More than 40,000 orders were shipped in fiscal 1978. Modern methods have lowered mailing costs, labor and supplies as well as improving shipping damage problems.

chief counsel

The Office of the Chief Counsel provides legal services and advice for the Bureau, the field offices and the Department of the Treasury.

Legal Services

Demands for services from the Chief Counsel's Office in Washington and its seven regional offices continued to increase during fiscal 1978. More than 1,000 cases were referred for legal resolution each month.

Legal assistance also was provided for Bureau testimony and legislative programs.

Attorneys helped prepare testimony for the Treasury Assistant Secretary (Enforcement and Operations) and the ATF Director on proposed firearms regulations and the problems of cigarette smuggling. The testimony was

presented to the House Judiciary Subcommittee on Crime. For the Senate Human Resources Subcommittee on Alcoholism and Drug Abuse, the staff helped to participate in preparation of testimony concerning the possible use of printed warnings on alcohol beverage labels advising pregnant women of the dangers of alcohol to the fetus.

Attorneys prepared the Bureau's legislative program, submitted draft legislation and authored legislative reports for congressional committees on bills affecting the Bureau.

Attorneys also appeared before the Joint Committee on Internal Revenue Taxation concerning distilled spirits, wine and malt beverage tax proposals.

The Chief Counsel's Office participated in several studies involving the President's

Chief Counsel



Reorganization Projects on law enforcement and attorney representation. Attorneys helped clarify aspects of the Federal Alcohol Administration (FAA) Act by appearing before industry conferences.

Under the Federal Tort Claims Act, the Chief Counsel's Office processed numerous claims alleging negligence of ATF employees. Claims exceeding \$100,500 were reviewed and granted in fiscal 1978. The staff also made recommendations to the Department of Justice in the prosecution and defense of litigation involving the Bureau.

Chief Counsel attorneys participated regularly on matters arising from employee-employer relationships involving Equal Employment Opportunity and unfair labor practice complaints.

Regional Counsels

As an outgrowth of positive working relationships between U.S. attorneys' offices and the seven ATF regional counsel offices, Bureau attorneys received requests to prepare briefs, proposed pleadings, proposed court orders and other documents in litigation.

At times, attorneys participated in the trial or oral arguments of civil and criminal cases.

Regional attorneys represented the Bureau before an administrative law judge in hearings concerning violations of the FAA Act and firearms and explosives laws. These regional staffs handle claims for refunds, cases involving abatement and drawback of liquor, tobacco and firearms taxes, petitions for remission or mitigation of forfeitures, offers in compromise, and proposed tax assessments.

Court Cases

The following cases involve matters of interest and significance to the Bureau in which attorneys in either regional offices or the Headquarters office, participated:

The Supreme Court held in the case of *Simpson v. United States*, 98 S.Ct. 909 (1978), that the punishment for bank robbery under 18 U.S.C. S 2113(a) may be enhanced under S 2113(d) when the robbery is committed "by the use of a dangerous weapon or device." Also, title 18 U.S.C. S 924(c) provides that whoever "uses a firearm to commit any felony for which he may be prosecuted in a court of the United States," shall be subject to a penalty in addition to the punishment provided for the commission of such felony. Defendants were convicted of two separate aggravated bank

Members of the Chief Counsel's staff review a case in their library. Standing are (l) Michael Sitcov and (r) Phyllis Pollack. Seated are (l) Maria Francis, and (r) Vicki Schaffer.



robberies and of using firearms to commit the robberies, in violation of SS 2113(a) and (d) and S 924 (c), and were sentenced to consecutive terms of imprisonment on the robbery and firearms counts. The district court rejected their contention that imposition of the cumulative penalties for the two crimes was impermissible because the S 2113(d) charges merged with the firearms offenses for purposes of sentencing. The court of appeals affirmed. The Supreme Court reversed and held that in a prosecution growing out of a single transaction of bank robbery with firearms, a defendant may not be sentenced under both S 2113(d) and S 924(c). This construction of those provisions is supported not only by S 924(c)'s legislative history but also by the established rules of statutory construction that "ambiguity concerning the ambit of criminal statutes should be resolved in favor of lenity," and that precedence should be given to the terms of the more specific statute where a general statute and a specific statute speak to the same concern, even if the general provision was enacted later.

The case of *Castlewood International Corp. v. Simon*, 564 F.2d 695 (5th Cir. 1977), involved a situation wherein the court of appeals, when

ruling upon a challenge to a ruling of the Bureau of Alcohol, Tobacco and Firearms, issued in relation to the Federal Alcohol Administration Act, certified the following question for resolution by the Supreme Court of Florida:

"Whether, under Florida's comprehensive regulatory scheme for the alcoholic beverage industry, prices charged by wholesalers to retailers must bear some relationship to, and be at least equal to, laid-in cost, or whether a wholesaler may sell to a retailer at any price, regardless of laid-in cost, provided only that all discounts are given at the time of sale and the same discount is available to all purchasers of similar quantities of alcoholic beverages."

The plaintiff's challenge cannot be resolved until an authoritative opinion as to the meaning of Florida law is received. With the concurrence of the Justice Department, an ATF attorney argued the case before the Florida Supreme Court.

The case of *Cox v. Bureau of Alcohol, Tobacco and Firearms*, 571 F.2d 267. (5th Cir. 1978), involved a State penitentiary and a licensed dealer in automatic weapons who brought suit to challenge a ruling of the Bureau of Alcohol, Tobacco and Firearms prohibiting the penitentiary from exchanging old automatic weapons for modern weapons. The district court dismissed the action, and the penitentiary and dealer appealed. The court of appeals held that under the circumstances of this case there is currently no way in which the penitentiary can transfer the weapons to the licensee because the machineguns had been registered to it for official use on the basis of their having been acquired by forfeiture or as abandoned property and under such circumstances they could not be transferred to and registered in the name of the licensee.

In *United States v. Edwards*, 568 F.2d 68 (8th Cir. 1977), the court upheld a conviction based on a violation of 18 U.S.C. S 922(a)(6). When purchasing a firearm the defendant was required to state on ATF Form 4473 that he had been convicted of a felony even though there may have been a constitutional defect in the underlying conviction.

In *United States v. Little*, 562 F.2d 578 (8th Cir. 1977), guns were stolen from a gun collection in Missouri and the defendant later sold two of the stolen guns in Arkansas. The evidence showed that (1) the defendant had seen the gun collection in Missouri in the fall of 1975; (2) the entire collection was stolen in December 1975; (3) the defendant had possession of at least one of the guns in Arkansas 1 week later; (4) he transferred a number of guns from his car to a friend's car in late December of 1975; (5) he sold two of the stolen guns; and (6) he subsequently drove with other guns from Missouri to Florida and back. Based on the available facts, the court held that the jury could infer interstate transportation of the firearms from possession in one State of property which had recently been stolen in another State. Also, evidence of the interstate transportation of one of the guns from the same collection was admissible under the Federal Rules of Evidence to show a scheme or plan to travel from one State to another in order to sell the stolen weapons.

The case of *United States v. Bubar*, 567 F.2d 192 (2d Cir. 1977), involved several defendants who were convicted of, among other things, a violation of 26 U.S.C.

S 5861(d) for possession of an unregistered destructive device. The defendants appealed contending that the combination of dynamite, detonative caps and drums of gasoline used to commit an arson did not constitute a "destructive device" within the meaning of 26 U.S.C. S 5845(f). The court upheld the conviction stating that the materials utilized, once placed on the premises with timers connected to detonating caps, caps connected to a fuse, a fuse connected to sticks of dynamite, and the dynamite placed under barrels of gasoline constituted a destructive device which had no legitimate commercial use. The court added that the apparatus was designed for a single purpose, arson, and became a "device" within the meaning of S 5845(f). Once the components were connected, even in a crude fashion, to form a new entity with destructive capabilities of its own and without a legitimate purpose, an incendiary "device" came into being. The court distinguished this case from previous ones which held that possession of commercial dynamite, a fuse and caps, unconnected and standing alone did not amount to possession of a destructive device.

In the case of *United States v. Brown*, 438 F. Supp. 1002

(U.S.D.C. D. Conn. 1977), the court held that for a device to be classified as a silencer it need only diminish the noise of a weapon and it is not necessary that it materially reduce the sound of the weapon to which it was attached. Also it was held that the admission of the certificate of nonregistration was proper to prove the essential element on nonregistration under 26 U.S.C. SS 5861(d) and 5871.

In the case of *Caplan v. Bureau of Alcohol, Tobacco and Firearms*, 445 F. Supp. 699, (U.S.D.C. S.D. N.Y., 1978), the Bureau withheld from disclosure under the Freedom of Information Act certain portions of the manual entitled "Raids and Searches." The withheld portions included descriptions of the equipment used in raids, methods of gaining entry to buildings by "force or strategy," factors relating to the timing of raids, and techniques used by suspects to conceal contraband. The court held that where disclosure would enable violators to escape detection or endanger Government agents, exceptional circumstances are present and the public interest warrants an exercise of discretion in declining to disclose the material sought even though a specific exemption may not be applicable.

office of inspection

The Office of Inspection is responsible for protecting Bureau integrity, reviewing operational activities, auditing the Bureau's fiscal position and implementing the ATF personnel and document security program. The staff also conducts all Bureau investigations of Equal Employment Opportunity complaints, tort claims and formal accidents.

Office of Inspection statistics were included in the ATF computerized Automated Information Management System during fiscal 1978. The result is a more accurate assessment of open and closed investigations.

Integrity Investigations

The Operations Review Division began 119 new investigations into allegations involving employee conduct in fiscal 1978. Completed investigations involving 178 employees, some of which were started in fiscal 1977, ended in five resignations, 31 adverse actions, 140 clearances and two referrals to other law enforcement agencies. Fifty-six investigations still were being conducted at the end of fiscal 1978.

Operations Review

The operations of selected offices of Criminal Enforcement, Regulatory Enforcement and Technical and Scientific Services were reviewed. Management uses the review to improve field operations when necessary. Inspectors also supervised 45 accident investigations involving ATF personnel and property.

Internal Audits

The Internal Audit Division assists management by furnishing information, analyses, appraisals and practical recommendations concerning Bureau objectives. Twenty-five audits were completed in fiscal 1978.

The audits appraised financial and program management activities of the Offices of Administration, Criminal Enforcement, Regulatory Enforcement and Technical and Scientific Services.

Implemented audit recommendations should contribute to improved operations, help assure the integrity of Bureau fiscal operations, and result in annual savings of \$130,000.

Management requested and received assistance in analyzing financial data in arson investigations and testimony as expert witness in an administrative hearing.

office of equal opportunity

Auditors participated in four departmental assignments at the request of the Treasury Department. Also, at the request of the Deputy Assistant Secretary for Saudi Arabian Affairs, the Chief Auditor participated in an assessment of organization, programs and functions of the General Control Board, Kingdom of Saudi Arabia.

In their third fiscal year of operations, auditors in San Francisco, Cincinnati and Dallas provided timely and comprehensive audits of Bureau programs, quick reaction to changing conditions and management needs, and conservation of travel and per diem costs.

Security

The Security Division coordinated 810 new employee background and security update investigations; 1,078 investigations were completed; 143 were underway at the close of fiscal 1978.

Equal Employment Opportunity

The Office of Inspection investigated nine Equal Employment Opportunity complaints in fiscal 1978 for ATF and other Treasury entities.

Highlights

Programs conducted by the Office of Equal Opportunity include affirmative action, which encompasses recruitment and community outreach; the Federal Women's and Hispanic Employment special emphasis areas; and upward mobility.

To carry out these responsibilities, the office sponsors and promotes activities necessary for the acceptance and enhancement of the total EO program within the Bureau. For instance, the Director has taken a special interest in EO and actively has sought to improve the representation of minorities and women in special agent and inspector positions. In a letter to all employees, he expressed his commitment to the Equal Opportunity Program. In an appearance before special agents in charge of district offices at their April conference in New Orleans, he indicated that each Bureau manager would be held accountable for hiring progress or its lack. The Director has provided a female special agent as a continuing Bureau representative to the Interagency Women in Federal Law Enforcement Task Force.

These activities resulted in improved hiring and promotion of minorities and women. Women now represent 30.6 percent of Bureau employees



Joseph Coleman

and other minorities almost 10 percent. This is a significant increase from 1975, for example, when women represented 24 percent of the work force and other minorities eight percent.

Affirmative Action

Affirmative Action is the cornerstone of the Bureau's Equal Opportunity Program. Through the affirmative action plan every manager is charged with the responsibility of increasing the number of women and minorities in the Bureau's work force and permitting them to advance as far as their interests and abilities will permit.

To accomplish this goal, the EO function was moved to the Office of the Director so that the Assistant to the Director (EO) has clear authority to bring about change in the substantive programs conducted by the Bureau. In addition, EO has been made part of the Zero Based

Objectives (ZBO) process and accomplishments will be reported quarterly to the Under Secretary of the Treasury.

The Deputy Director and the Assistant to the Director (EO) visited each region as part of the effort to solidify the EO program. Each of these meetings was attended by the regional regulatory administrator, special agent in charge of each district office, regional administrative officer, personnel officer and the regional EO officer. The entire EO program was reviewed and each manager was informed of the role he or she must play to make Equal Employment Opportunity an integral part of the Bureau and its mission.

Also, the Deputy Director emphasized the need for close coordination between EO and Personnel, as well as with each functional area.

In March 1978, the Director conducted an assessment of goals and timetables. Information, which started with group supervisors, was forwarded through regions and assistant directors to the Director, who approved the goals. Some 290 positions are to be filled with minorities and women based upon attrition losses.

Upward Mobility

Co-op positions, which permit students with ATF career potential to work part-time and attend school, were expanded to eight. More will be added as budget permits. These are based on the need for more minority and female agents. In the Midwest Region the first black woman was selected as a co-op in Regulatory Enforcement.

In April, the Bureau received 58 additional authorities for Schedule A, noncompetitive hiring from the Civil Service Commission. These have been allocated to the field and most have been filled. Use of this authority has resulted in 22 female special agents being hired this year.

In the Western Region, ATF continued its bilingual hiring program, involving the Civil Service Commission, which promised hiring authority if its registers were insufficient.

More than 1,000 potential applicants were contacted. The Special Agent in Charge of the Los Angeles District Office has continued to commit special agent positions to the effort. Once the program is fully operative, it could provide candidates for other offices.

Total Bureau employment declined from 4,401 to 4,140 in 1978. As a result of Affirmative Actions during 1978, women increased by 34, and minority employees increased by 21.

Upward Mobility, a program to retrain lower grade employees for career ladder positions, continues to be a viable method for advancing minorities and women in career fields. For example, the Assistant Director (Regulatory Enforcement) has converted the 14 positions previously allocated to Upward Mobility to permanent positions. Thus, as trainees complete their training and move into the targeted technical position, a new Upward Mobility selectee moves into the program. Two trainees completed this process this year, while seven other trainees are moving through the program in the other regions.



ATF Regulatory Inspector Lois Palmer spot checks the inventory of explosives in a storage magazine at a Bethesda, Md., explosives company.

Complaints

Currently, the Bureau has 40 EO complaints in stages of processing that vary from informal to Federal district court cases. During fiscal 1978, 20 discrimination complaints were processed.

The alleged reasons for discrimination were:

Sex—7 (3 male/4 female)	National Origin—2
Race—4	Color—1
Age—3	Religion—3

Growth in the number of complaints to 40 from 27 in 1977 has necessitated the selection of two additional investigators from the Office of Inspection. This brings the EO total investigative staff to 10.

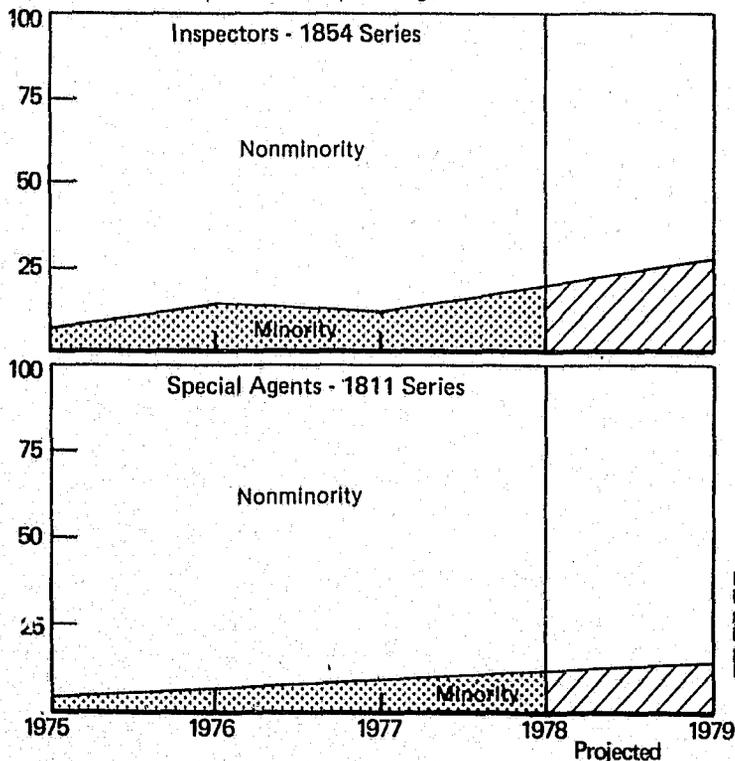
Special Emphasis

Emphasis has been placed on both the Federal Women's and the Hispanic Employment programs. Community outreach activities helped familiarize the general public with the Bureau, its mission and its occupational needs. The Bureau participated in several conventions and meetings—the Women's Equity Action League, May 3-6; Blacks in Criminal Justice, March 29-April 1; IMAGE, June 5-10; NAACP National Conference, July 3-8; Federally Employed Women, Inc., July 11-15; Urban League, August 5-10. The Federal Women's and Hispanic Employment coordinators contribute to the evaluation of all EO personnel management programs and ensure that special problems of minorities and women are considered in all matters.

In the GS-1854 Regulatory Inspector series, 204 of a work force of 964 are women. Blacks and other minorities hold 10 percent of these positions. In the GS-1811 Special Agent series, 72 of 1,589 total special agents are women or minorities.

Professional Population

Percent of Total Inspectors and Special Agents



Minority and Nonminority inspectors and special agents are plotted as percentages of total inspector and special agent population for FY'75 through FY'79. Minority includes women.

public affairs

The Public Affairs Office provides information about the Bureau to the public, the law enforcement community, regulated industries, Congress and other governmental bodies. It also provides advice to the Director and other officials on key issues affecting the Bureau and how they are perceived externally.

Information Services

In fiscal 1978, Public Information Office materials and services included more than 100 news releases, fact sheets, brochures, articles, speeches, news conferences and media interviews.

News releases explained ATF missions and programs relating to firearms, explosives, alcohol and tobacco. Examples include a news article describing ATF's pilot program for arson control, releases about the deadly toll in lives and property taken by explosives, coverage of illegal firearms seizures and actions to curb alcohol trade violations.

Public information officers supported Bureau officials at 12 news events that occurred away from Washington. Among these events were an explosives tagging demonstration in California, "sting" operations in Nashville and Louisville, the arrest of firearms smugglers in



Rex D. Davis, who retired as ATF Director in July 1978, gives an interview to a radio reporter during wine hearings in November 1977, in San Francisco.

Hartford, and a roundup of illicit gun dealers in Maryland. Information officers answered more than 2,000 information requests received from throughout the United States and other nations.

Congressional Liaison

The Congressional Liaison Office coordinated replies to more than 700 congressional inquiries about proposed firearms regulations. Other issues generating congressional interest were wine labeling, ingredient labeling for alcohol beverages, explosives tagging, cigarette smuggling and alcohol advertising.

Liaison officers supported the Director and other ATF managers on 16 occasions when these Bureau officials testified before committees of

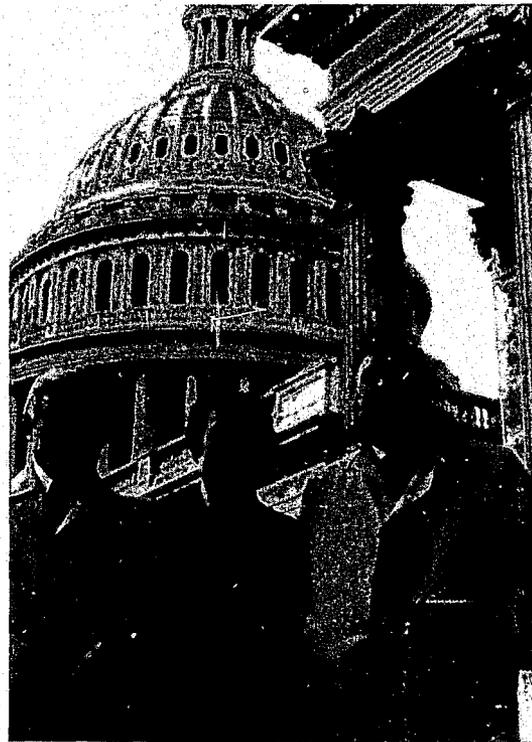


Rex D. Davis gives welcoming remarks at ribbon cutting of the new National Firearms Reference Library in Headquarters. The opening was covered by Washington, D.C., media and attended by the Treasury Historical Association.

Congress. The Congressional Liaison officers worked with congressional aides and committee staff members on many issues. The office responded or directed a response to more than 1,500 congressional letters during fiscal 1978. The office responded to an average of 160 telephone inquiries each month. In responding to congressional offices and other inquiries, the goal is to provide quick, efficient, accurate service.



Public Affairs staff member, Lucy Ryan, interviews Dan Crowley of Regulatory Enforcement Special Operations for a story on his Special Achievement Award.



The ATF Congressional Liaison staff stands before the Capitol. From left are Charles Nixon, Al Gonzales and Howard Criswell, Jr. acting assistant to the Director.

Meeting Needs

Members of the public are interested in every phase of ATF activity, from home wine making to firearms theft prevention. Information requests come from private citizens, industry and interest groups, students, businesses, Government agencies and other sources.

To meet multiple needs, the Public Affairs Office has assembled information materials ranging from simple fact sheets to brochures and films. These and other written and audiovisual information materials, in addition to regulations and laws governing ATF missions, are made available by Public Affairs.

Examples:

- Fact sheets set out rules for home wine making, and for possession of National Firearms Act weapons.
- A brief pamphlet outlines ATF missions and responsibilities.
- Public service announcements stress theft prevention of firearms and explosives.
- A short film describes the operation of ATF laboratories.

Often, the best way to help someone is simply to answer a question or explain a regulation on the telephone or in person. This kind of personal, one-to-one service is provided on a daily basis.

Public Affairs officers participated at 12 conventions and meetings which served as a contact point between ATF, law enforcement and industry representatives.

Bureau Communications

It is important for all ATF employees to "know the Bureau," to understand its operation, to be aware of changes affecting its missions. This kind of communication is established by a Bureau newsletter, written and published monthly by Public Affairs. Each employee receives a copy of the newsletter.

A summary of news articles relevant to ATF is compiled and distributed three times each week. Public Affairs also compiles and publishes the ATF Annual Report.

disclosure

The Office of Disclosure implements the Freedom of Information Act, as amended in 1974, and the Privacy Act of 1974.

The Freedom of Information Act (FOIA) provides for liberal access by the public to Government documents without regard to "need to know." The Privacy Act provides for access by individuals to certain information concerning themselves in ATF records.

Both acts have safeguards to protect the right to privacy of individuals named in Government and Bureau records. The FOIA includes exemptions designed to prevent disclosure that would violate the public interest, national defense and law enforcement activities.

Requests in overwhelming numbers unexpectedly increased the cost of performing the day-to-day operations in Disclosure. ATF receives 50 percent of its Privacy Act requests from prison inmates, criminals out of prison and convicted persons seeking relief from disability so they may own a firearm. In the last quarter of fiscal 1978, there was a significant increase in requests for ATF weapon instructions, explosives and special agent training manuals, business/tax records of companies, and other confidential data.

When a request for information is denied, the Bureau relies on recent court cases that bar the disclosure of information which, if known to the public, would significantly impede the law enforcement process. Also, the Tax Reform Act of 1976 has extensive revisions to section 6103 of the Internal Revenue Code of 1954 that governs confidentiality and disclosure of returns.

During fiscal 1978, ATF received 566 Freedom of Information Act requests; 410 requests were granted in full, 115 were granted in part and 41 were denied. Of 16 administrative appeals, two were granted in full, six were granted in part and six were denied. Two appeals were being processed at the close of the fiscal year. There was \$9,409 in fees collected for Freedom of Information Act requests.

There were 466 Privacy Act requests; 40 were granted in full, 392 were granted in part and 34 denied. Of four administrative appeals, three were granted in full and one was denied.

The Disclosure Office answered 95 percent of all requests within deadlines set by Federal regulation.

Disclosure Office deadlines are 10 working days for Freedom of Information Act requests and 30 working days for Privacy Act requests.



Paul Mosny

The staff asked for voluntary extensions in five percent of the requests, which often required review of thousands of pages. Six civil actions were filed against ATF under the Freedom of Information Act and the Privacy Act.

To help Bureau employees better understand ATF disclosure policy, the Disclosure Office issued a comprehensive order describing the Freedom of Information Act and the Privacy Act. The office also changed accounting procedures to reduce use of the ATF Disclosure Accounting Form and save the Bureau an estimated \$220,000 in fiscal 1979.

The Disclosure Office staff taught ATF disclosure practices to Bureau agents and inspectors. Refresher training and course instruction was expanded for new agents and inspectors.

Calendar of Events Fiscal 1978

October, 1977

- ▶ ATF National Pistol team places tenth overall at the National Association's annual Police Combat Pistol Championship in Jackson, Miss. The team placed first and second overall in most 1977 regional team competitions.
- ▶ Virginia agents arrest 23 firearms dealers on charges of illegal sale of firearms. The arrest sweep, code-named "Reality," was prompted by CUE statistics showing Virginia firearms dealers as major sources of illegal guns in Washington, D.C.
- ▶ Director addresses Glass Packaging Institute conference in White Sulphur Springs, W. Va., on metrication, bottle containers and a proposed new product, powdered alcohol.
- ▶ Louisville agents help "sting" 256 suspects after a 1-year undercover fencing operation.
- ▶ George L. Bradley, ATF Special Agent of the Year, receives Federal Investigator of the Year Award from the Association of Federal Investigators at the Ft. Myer, Va., Officers Club.
- ▶ Harriet Bobo assigned to Denver is the third woman area Regulatory supervisor.
- ▶ Joint custody bill, which would reduce the use of onsite inspectors at distilled spirits plants, is sent to Congress.

November

- ▶ Nashville repair shop storefront "stings" 384 suspects as ATF cooperates in one of the nation's largest fencing operations. Agents helped "fence" more than \$2.2 million in merchandise during a 7-month period.
- ▶ Special Agent Barry Letts of Union, N.J., is wounded during arrest of suspect on Federal firearms charges.
- ▶ Boston agents arrest 45 suspects on charges of illegal firearms trafficking after 75 weapons are purchased by undercover agents.
- ▶ Bureau demonstrates explosives tagging methods at Ft. MacArthur, Calif. Spectators included law enforcement officers, U.S. Rep. Glenn M. Anderson (California) and actor William Conrad.

December

- ▶ Marvin O. Shaw, after 1 year as acting assistant director for Criminal Enforcement, moves to Atlanta as special agent in charge. Deputy Assistant Director (CE) Miles N. Keathley is named acting assistant director.
- ▶ ATF and Food and Drug Administration officials discuss possible need for labels on alcoholic beverages to warn of possible dangers of alcohol to unborn babies, known as "Fetal Alcohol Syndrome."
- ▶ ATF agents arrest seven suspects in Maryland, Virginia and New Jersey, and seize 703 firearms and 103,000 rounds of ammunition.

January, 1978

- ▶ ATF *Federal Register* notice seeks information on Fetal Alcohol Syndrome.
- ▶ Federal agents posing as gun dealers arrest four suspects on charges of illegally purchasing more than 600 handguns in Hartford, Conn.
- ▶ The first black female special agent, Gladys Jones, begins work with the Washington, D.C., field office.
- ▶ Experimental production is approved for first pilot gasohol plant.

February

- ▶ Treasury Under Secretary Betty Anderson dedicates new ATF National Firearms Reference Library at Headquarters.
- ▶ ATF suspends the licenses of three New Jersey alcoholic beverage wholesalers for illegal business practices and accepts two \$25,000 offers in compromise.
- ▶ Greenville, S.C., Undercover Fencing Operation (UFO) "stings" 106 people on 488 criminal offenses. Operation nets stolen property valued at more than \$250,000, including 79 guns.
- ▶ Kansas City agents "sting" 40 suspects for Federal firearms violations, seize 156 firearms. Almost 180 suspects arrested.
- ▶ Chicago Special Agent in Charge James L. Welch named deputy assistant director for Criminal Enforcement.

March

- ▶ Director Rex D. Davis and Deputy Director John G. Krogman testify before the House and Senate Appropriations Committees seeking \$135.5 million for FY 1979.
- ▶ Deputy Director Krogman and Treasury Assistant Secretary Richard Davis testify before the House Judiciary Subcommittee on Crime about Federal enforcement against interstate cigarette smuggling.
- ▶ The Equal Opportunity program moved to the director's staff. The Joseph Schiltz Brewing Co. indicted by a Milwaukee grand jury on 747 counts of violating the Federal Alcohol Administration Act.
- ▶ Director Davis and Treasury Assistant Secretary Davis outline proposed new firearms regulations in a press conference.
- ▶ Investigation begins of the Arizona alcoholic beverage industry for possible trade practice violations.
- ▶ Bureau accepts a \$750,000 offer in compromise from Anheuser-Busch, Inc., largest U.S. brewer, for trade practice violations.
- ▶ Headquarters Organized Crime and Intelligence Branches merge.
- ▶ Las Vegas Inspector Robert G. Hull selected as the Western Region's Inspector of the Year.
- ▶ ATF forms task force to determine if regulatory changes can simplify establishment and supervision of plants to produce gasohol.

April

- ▶ Director Davis briefs Senate Juvenile Delinquency Subcommittee on gun smuggling to Mexico.
- ▶ Director Davis tells sixth Annual Narcotics Law Enforcement Executives Conference in New Orleans of ATF initiatives in law enforcement assistance.
- ▶ Brooklyn youths, Robert Scall and Randy Walter, receive the Director's Award for rescuing Special Agent William Reichert from flaming car.
- ▶ Production of gasohol at additional experimental alcohol fuel plants approved.
- ▶ First sheets of three billion ATF new revenue strip stamps, which show payment of more than \$4 billion Federal excise taxes on distilled spirits, printed by the Bureau of Engraving and Printing.
- ▶ ATF informs nation's fire chiefs that it is implementing a national task force to combat arsons, expanding a pilot program begun in Philadelphia in cooperation with State and local officials.

May

- ▶ Treasury Assistant Secretary Davis and Director Davis testify before the House Judiciary Subcommittee on Crime about Treasury's proposed Federal firearms regulations.
- ▶ Special Agent Roy H. Smith of the Detroit District is "ATF Special Agent of the Year," for outstanding service to the Bureau and the community.
- ▶ Director Davis addresses the National Alcoholic Beverage Control Association, Inc., in San Francisco on "NABCA and ATF—A Working Relationship."
- ▶ Special Assistant to the Director for Research and Development A. Atley Peterson testifies before the Senate Subcommittee on Criminal Laws and Procedures on tagging explosives with microparticles.
- ▶ The Treasury Department extends to June 30, public comment period on proposed firearms regulations.

June

- ▶ ATF Director Rex D. Davis announces plans to retire July 1.
- ▶ New ATF National Laboratory Center opens in Rockville, Md., doubling space for scientists.
- ▶ Record 300,000 responses to the proposed firearms regulations are received and reviewed by Regulatory Enforcement.
- ▶ Following debate about proposed firearms regulations, Senate confirms House action of June 7 to cut ATF's budget \$4.2 million despite assurances from Treasury that proposed regulations would not go into effect without approval of Congress.
- ▶ ATF announces suspensions of permits of seven Massachusetts wholesale liquor dealers for unfair trade practices.

July

- ▶ Director Rex D. Davis retires, ending nearly 30 years in Federal law enforcement.
- ▶ Deputy Director John G. Krogman named acting director, Assistant Director for Regulatory Enforcement, Stephen Higgins, named acting deputy director.
- ▶ Administration says law enforcement reorganization plan affecting ATF delayed, to be sent to Congress in January 1979.
- ▶ Three imported brands of flavored vodka, which contain an excess amount of flavoring material, are recalled.
- ▶ The Identification and Forensic Science Branches of the Scientific Services Division merge into new Forensic Branch.

August

- ▶ ATF accepts a \$5,000 offer in compromise from Rainier Brewing Co. for trade practice violations in voluntary disclosure case.
- ▶ Special Agent John L. Lawhorn succeeds Dale W. Chorpenning as ATF's representative to INTERPOL.
- ▶ John J. McGuire, the North-Atlantic Region's Equal Opportunity Officer, receives the New York Federal Executive Board's award as the 1978 EEO Specialist of the Year.
- ▶ Acting Assistant Director for Criminal Enforcement Miles N. Keathley selected to fill that post permanently.
- ▶ Wine labeling regulations designed to provide consumers with more accurate information about origin and grape type of wine announced, following 3 years of comments and hearings.
- ▶ Three men convicted on arson-related charges in Savannah, Ga., through the broadened definition of explosives, permitting increased ATF assistance to state and local authorities.
- ▶ Series of fireworks factory raids exposes an M-80 manufacturing network. Comparison of district cases for similarities by Headquarters made nationwide seizures possible.

September

- ▶ INTERPOL Forensic Science Symposium delegates in St. Cloud, France, praise ATF's explosive tagging program as the best way to trace explosives.
- ▶ Horace Leigh, Memphis, named Southeast Region's Inspector of the Year.

END