

BLUE WATER SALES LLC's FCI  
FCI-24181  
01/12/2023 06:42 PM  
IOF (b)(6) Norfolk (IO) Satellite Office

**LICENSEE INFORMATION**

Licensee Name BLUE WATER SALES LLC	RDS Key 1-54-24034	License/Permit Number 1-54-810-01-3F-24034	License Type 01 - Dealer License
Business Type Limited Liability Company (LLC)			
Premises Ownership Type Owned	Premises Address 1024 BELLS RD STE 107, Unit N/A, VIRGINIA BEACH, Virginia 23		
Premises Location Type Required Store Front			

Address  
1024 BELLS RD STE 107  
Unit N/A  
VIRGINIA BEACH, Virginia 23451  
VIRGINIA BEACH CITY  
United States

Address  
1024 BELLS RD STE 107  
Unit N/A  
VIRGINIA BEACH, Virginia 23451  
VIRGINIA BEACH CITY  
United States

Phone Type	Phone Number	Remarks
Business	+1 757-425-1971	
Fax	+1 757-257-0134	

Email Address	Email Remarks
(b)(6)	

**RECOMMENDATIONS**

Final Decision Date  
Revocation 08/26/2022

Details

A hearing was held on Wednesday, June 8, 2022. On Thursday, July 28, 2022 Mr. Claunch was served with a Final Notice of Revocation, with an effective date of August 26, 2022. Mr. Claunch confirmed to IOF (b)(6) that the firearms had been disposed fo personal inventory and the records send to ATF OOBRC.

**Out of Business Records and Inventory Management**

**Licensee Records**

✔ Submitted to the Federal Licensing Center

Deputy Assistant Director - Industry Operations Curtis Gilber (b)(6) Recommendation  
Revocation

Details

Briefed to Acting DAD on 2/23/22, concur with revocation recommendation

Special Agent in Charge Charlie Patterson's Recommendation

SAC Patterson concurs with the DIO, IOI and AS on the recommendation based on the following:

On August 25, 2021, a Warning Conference was recommended and held with the licensee for failing to complete an ATF Form 4473 and background check for the transfer of a firearm to somebody who, though not prohibited, was not a responsible person on the license.

The Biden/Harris Administration's Comprehensive Strategy to Prevent and Respond to Gun Crime and Ensure Public Safety was released in June 2021 and identified this as a zero tolerance violation. In light of the administration's position, this assignment was reopened and the recommendation changed to Revocation.

Attorney-Advisor (Litigation) (b)(6) Review

**Licensee Inventory**

✔ Inventory transferred to self

Details

Review completed.

Director of Industry Operations Gilbert Atkins's Recommendation  
Revocation

Details

Originally this assignment was processed under prior adverse action guidelines and a warning conference was scheduled and held with the licensee on August 25, 2021, for failing to complete an ATF Form 4473 and background check for the transfer of a firearm to somebody who, though not prohibited, was not a responsible person on the license. Since that time, the Biden/Harris Administration's Comprehensive Strategy to Prevent and Respond to Gun Crime and Ensure Public Safety was released in and has identified this violation as a zero tolerance violation. In light of the administration's position, this assignment was reopened and the recommendation changed to Revocation. Although five (5) violations were found and cited during this inspection, the failure to complete a background check calls for automatic revocation.

Area Supervisor: (b)(6) Recommendation  
Revocation

Details

On August 25, 2021, a Warning Conference was recommended and held with the licensee for failing to complete an ATF Form 4473 and background check for the transfer of a firearm to somebody who, though not prohibited, was not a responsible person on the license.

The Biden/Harris Administration's Comprehensive Strategy to Prevent and Respond to Gun Crime and Ensure Public Safety was released in June 2021 and identified this as a zero tolerance violation. In light of the administration's position, this assignment was reopened and the recommendation changed to Revocation.

Industry Operations Investigator: (b)(6) Recommendation  
Revocation

Details

IOI (b)(6) recommends revocation of the licensee's FFL. The recommendation for revocation is made in accordance with the licensee's violations and guidance contained in the Administration's Comprehensive Strategy to Prevent and Respond to Gun Crime and Ensure Public Safety. Specifically, in one instance the licensee failed to complete an ATF Form 4473 and the required background check for the transfer of a firearm from the licensee to an unlicensed person.

**Inspection Findings**

**Records and Forms**

9. Failure to execute a Form 4473 (Exception: Select findings 6, 7, and 8 above for consignment sales, transfers to law enforcement officers for personal use, and FFL responsible persons; if the transferee is NOT prohibited).

**NICS**

4. Failure to conduct a NICS check or obtain an alternate permit.

**ELIGIBILITY VERIFICATION**

**Business Information Verification**

Licensee Name	Business Type	Is the business valid?
BLUE WATER SALES LLC	Limited Liability Company (LLC)	Yes

Additional Findings

Attachment(s):  
Blue Water Sales VSCC.pdf

**Property Ownership Verification**

Premises Ownership Type	Premises Location Type	Has the property ownership been verified?
Owned	Store Front	Yes

Address  
1024 BELLS RD STE 107  
Unit N/A  
VIRGINIA BEACH, Virginia 23451  
VIRGINIA BEACH CITY  
United States

Additional Findings  
Property owned by FFL Owner/RP Robert Claunch

Attachment(s):  
Blue Water Sales Property Ownership.pdf

**Zoning Information Verification**

Is the proposed business activity in compliance with zoning?  
Yes

Additional Findings

Attachment(s):  
Blue Water Sales Zoning Detail.pdf

**APPOINTMENT DETAILS**

Interview Date  
07/16/2021  
Address  
1024 BELLS RD STE 107, Unit N/A, VIRGINIA BEACH, Virginia 23451

**Responsible Attendee(s)**

**Non-Responsible Person(s)**

ROBERT EARL CLAUNCH

No Items

**RESPONSIBLE PERSON(S)**

**ROBERT EARL CLAUNCH**

Name ROBERT EARL CLAUNCH	Gender Male	Race White	Ethnicity Not Hispanic or Not Latino
Date of Birth (b)(6)	SSN (b)(6)	Job Title OWNER	

**Physical Identifiers**

Height	Weight	Hair Color	Eye Color
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**Place of Birth**

Country United States Of America	State (b)(6)	City
-------------------------------------	-----------------	------

**Home Address**

(b)(6)

United States

**Additional Names**

**Citizenship**

United States

ID Type	Country	State	ID Number
Driver's License	United States	Virginia	(b)(6)

Phone Type	Phone Number	Remarks
Mobile	(b)(6)	

**Criminal History Check**

Date Criminal History Check Conducted  
04/14/2021

Criminal History Check Comments  
No identifiable information.

**INTERVIEW QUESTIONNAIRE**

What is the proposed business activity?  
Government contractor and supplier for the military and law enforcement. Transfers to military and law enforcement personnel, firearms transfers not open to the general public.

Do they need an additional license or permit?  
No

Who are their primary suppliers?  
(b)(4)

**Business Activities**

Selected Operational Security Measures

Internet Sales/Transfers  
Retail

Controlled Access to ATF Recordkeeping  
Controlled Access to Keys

**Internet Sales/Transfers Website**

gunsamerica.com

**SUPPLEMENTAL QUESTIONNAIRE**

**General Business Operations**

If there is a security system, who has access to the security codes?  
3 employees (managers) including Mr. Claunch

Who has keys to the premises?  
3 employees (managers) including Mr. Claunch

Who has keys to locked inventory?  
Mr. Claunch

Who is operating the business on a day-to-day basis?  
Mr. Claunch

Is financial backing provided by anyone that is not a responsible person on the license/permit?  
No

Are any employees known to be prohibited?  
No

Are any employees associated with a previously denied/revoked/surrendered license/permit?  
No

**SECURITY WALKTHROUGH**

Inspection Area Description  
Showroom and office in commerce/industrial park in VA Beach

Primary Activity  
Military Contractor

**GPS Coordinates**

Latitude  
36.82161

Longitude  
-75.99652

Selected Physical Security Measures

Alarm Monitoring (with Cellular Back-Up)

Alarm Monitoring/Other Signage

Deadbolts

Floodlights

Glass Breakage Detection

Motion Sensors

Security Cameras

Safe(s)/Vault(s)

Window Film/Tinting/Mirroring

**ONSITE SUMMARY**

Total Number of ATF Form 4473s for Inspection Review Period

Total Number of ATF F 4473 Reviewed

Total Number of Open Dispositions in A & D Record

Total Number of Firearms in Inventory  
12

Actual Number of Firearms Verified

Number of Firearms Missing Before Reconciliation

Total Number of Firearms Missing After Reconciliation  
0

Total Number of Acquisitions in the Last 12 Months

Total Number of Dispositions in the Last 12 Months

Onsite Start Date

Onsite End Date

Number of Reported Lost/Stolen Firearms During Inspection Period

Total Number of Traces During Inspection Review Period

Total Number of Those Traces That Were Unresolved

Inspection Period Start Date

Inspection Period End Date

Attachment(s)

Report of Violations.pdf

Report of Violations.pdf

Licensee Response to Violations Report.pdf

**REPORT OF VIOLATIONS**

Regulation	Corrective Actions	Instance Details
1 27 CFR 478.102(a): Failure to complete a NICS/POC background check  ATF Forms 4473: 1 Number of Instances: 1	Execute a required NICS/POC background check for all future over-the-counter firearm transactions.  Retrieve and accurately record (on an ATF Form 4473) a required final NICS/POC background check response prior to all future over-the-counter firearm transactions.	NICS Violation (b)(6)
2 27 CFR 478.124(a): Failure to execute an ATF F 4473  ATF Forms 4473: [redacted] Number of Instances: [redacted]	Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions.	(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)
3 27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms  Number of Instances: [redacted]	Accurately, completely & timely record all required future firearm disposition information. Amend/Update A&D Record to accurately record all required firearm disposition information.	(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)
4 27 CFR 478.21(a): Failure to complete forms as prescribed  ATF Forms 4473: [redacted] Number of Instances: [redacted]	Complete all forms as prescribed. Ensure that all required ATF Form 4473 Section A items are completed/provided by the transferee/buyer on all future transactions. Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions.	(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)
5 27 CFR 478.124(c)(3)(iv): Failure to record NICS contact information on an ATF F 4473  ATF Forms 4473: [redacted] Number of Instances: [redacted]	Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions. Ensure that all required NICS/POC background check information is obtained and accurately recorded on all future ATF Forms 4473, Section B.	(b)(3) (112 Public Law 55 125 Stat 552),(b)(6)

**LICENSEE RESPONSE REPORT**

Regulation	Corrective Actions	Licensee Response	Status Details
1 27 CFR 478.102(a): Failure to complete a NICS/POC background check  ATF Forms 4473: 1 Number of Instances: 1	Execute a required NICS/POC background check for all future over-the-counter firearm transactions.  Retrieve and accurately record (on an ATF Form 4473) a required final NICS/POC background check response prior to all future over-the-counter firearm transactions.	Licensee stated that (b)(6) and the firearm was a gift, and that he believed that since the firearm belonged to him, that he could transfer the firearm to (b)(6) personally without having to conduct a background check and a form 4473. Licensee stated that he will have the transferee return to the premises to complete a form 4473 and the required background check.	Status Licensee Notified  Verified Method In Person  Date Licensee Notified 07/16/2021
2 27 CFR 478.124(a): Failure to execute an ATF F 4473  ATF Forms 4473: [redacted] Number of Instances: [redacted]	Execute and retain a complete and accurate ATF Form 4473 on all future firearm transactions.	Licensee stated that (b)(6) and the firearm was a gift, and that he believed that since the firearm belonged to him, that he could transfer the firearm to (b)(6) personally without having to conduct a background check and a form 4473. Licensee stated that he will have the transferee return to the premises to	Status Licensee Notified  Verified Method In Person  Date Licensee Notified 07/16/2021



Correspondence  
WarningConferenceFollowUpEmailConfirmation  
Correspondence  
Correspondence  
WarningConferenceFollowUpLetter  
WarningConferenceScheduleReturnEmail  
Correspondence  
Correspondence  
WarningConferenceSchedulingLetter  
LicenseeResponseToViolationsPDF  
ClosingConferenceSummary  
Correspondence  
Correspondence  
ViolationsPDF  
Correspondence  
Correspondence  
ViolationsPDF  
ZoningVerification  
PropertyOwnershipVerification  
BusinessVerification

Spartan Notification RE: 1-54-24034 Inspection Results  
FCI-24181 \_\_ Blue Water Sales LLC WC Follow-up Confirmation.pdf  
  
Action required concerning your Federal Firearms License  
Follow Up Letter.pdf  
FCI-24181 \_\_ Blue Water Sales LLC WC Scheduling Letter Receipt.docx  
  
Action required concerning your Federal Firearms License  
Scheduling Letter.pdf  
Licensee Response to Violations Report.pdf  
Acknowledgment of Regulations.pdf  
Information Concerning Your Federal License/Permit  
  
Report of Violations.pdf  
Information Concerning Your Federal License/Permit  
  
Report of Violations.pdf  
Blue Water Sales Zoning Detail.pdf  
Blue Water Sales Property Ownership.pdf  
Blue Water Sales VSCC.pdf

## Notice to Revoke or Suspend License and/or Impose a Civil Fine

In the matter of License Number 1-54-810-01-3F-24034, as a/an

Dealer in Firearms issued to:

Name and Address of Licensee (Show number, street, city, State and ZIP Code)

Blue Water Sales, LLC  
1024 Bells Road, Suite 107  
Virginia Beach, VA 23451

### Notice Is Hereby Given That:

Pursuant to the statutory provisions and reasons stated in the attached page(s), the Director or his/her designee, Bureau of Alcohol, Tobacco, Firearms and Explosives, intends to take action on the license described above.

- The above identified license may be revoked pursuant to 18 U.S.C. 923(e), 922(t)(5) or 924(p).
- The above identified license may be suspended pursuant to 18 U.S.C. 922(t)(5) or 924(p).
- The above identified licensee may be fined pursuant to 18 U.S.C. 922(t)(5) or 924(p).

Pursuant to U.S.C. 923(f)(2) and/or 922(t)(5), you may file a request with the Director of Industry Operations, Bureau of Alcohol, Tobacco, Firearms and Explosives, at 310 First Street, Suite 500, Roanoke, VA 24011/Attn Acting DIO Gilbert "Eddie" Atkins, gilbert.atkins@atf.gov, in duplicate, for a hearing to review the revocation, suspension and/or fine of your license. The request must be received at the above address within 15 days of your receipt of this notice. Where a timely request for a hearing is made, the license shall remain in effect pending the outcome of the hearing; and if the license is due to expire, the license will remain in effect provided a timely application for renewal is also filed. The hearing will be held as provided in 27 CFR Part 478.

If you do not request a hearing, or your request for a hearing is not received by ATF on time, a final notice of revocation, suspension, and/or imposition of civil fine (ATF Form 5300.13) shall be issued.

- Please see included brochure

Date	Name and Title of Bureau of Alcohol, Tobacco, Firearms and Explosives Official	Signature
03/01/2022	(b)(6) Acting DIO Washington Field Division	(b)(6)

I certify that on the date shown below I served the above notice on the person identified below by:

- Certified mail to the address shown below.  
Tracking Number: \_\_\_\_\_ Or  Delivering a copy of the notice to the address shown below.

Date Notice Served	Title of Person Serving Notice	Signature of Person Serving Notice
3/3/2022	IOI	(b)(6)
Print Name and Title of Person Served		(b)(6)
Robert Claunch, President		
Address Where Notice Served		
1024 Bells Rd. Ste. 107 VA Beach, VA 23451		

**Final Notice of Denial of Application, Revocation  
Suspension and/or Fine of Firearms License**

In the matter of:

The application for license as a/an \_\_\_\_\_, filed by:  
or

License Number 1-54-810-01-3F-24034 as a/an  
Dealer in Firearms, issued to:

Name and Address of Applicant or Licensee (*Show number, street, city, state and Zip Code*)

Blue Water Sales, LLC  
1024 Bells Road, Suite 107  
Virginia Beach, VA 23451

Notice is Hereby Given That:

- A request for hearing pursuant to 18 U.S.C. § 923(f)(2) and/or 922(t)(5) was not timely filed. Based on the findings set forth in the attached document, your
- license described above is revoked pursuant to 18 U.S.C., 923(e), 922(t)(5) or 924(p), effective:
    - 15 calendar days after receipt of this notice, or  \_\_\_\_\_,
  - license is suspended for \_\_\_\_\_ calendar days, effective \_\_\_\_\_, pursuant to 18 U.S.C. § 922(t)(5) or 924(p).
  - licensee is fined \$ \_\_\_\_\_, payment due: \_\_\_\_\_, pursuant to 18 U.S.C. § 922(t)(5) or 924(p).

- After due consideration following a hearing held pursuant to 18 U.S.C. § 923(f)(2) and/or 922(t)(5), and on the basis of findings set out in the attached copy of the findings and conclusions, the Director or his/her designee concludes that your
- application for license described above is denied, pursuant to 18 U.S.C., 923(d).
  - application for renewal of license described above is denied pursuant to 18 U.S.C. 923(d), effective:
    - 15 calendar days after receipt of this notice, or  \_\_\_\_\_
  - license described above is revoked pursuant to 18 U.S.C., 923(e), 922(t)(5) or 924(p), effective:
    - 15 calendar days after receipt of this notice, or  August 26, 2022
  - license is suspended for \_\_\_\_\_ calendar days, effective \_\_\_\_\_, pursuant to 18 U.S.C. § 922(t)(5) or 924(p).
  - licensee is fined \$ \_\_\_\_\_, payment due: \_\_\_\_\_, pursuant to 18 U.S.C. § 922(t)(5) or 924(p).

If, after the hearing and receipt of these findings, you are dissatisfied with this action you may, within 60 days after receipt of this notice, file a petition pursuant 18 U.S.C. § 923(f)(3), for judicial review with the U.S. District Court for the district in which you reside or have your principal place of business. If you intend to continue operations after the effective date of this action while you pursue filing for judicial review or otherwise, you must request a stay of the action from the Director of Industry Operations (DIO), Bureau of Alcohol, Tobacco, Firearms and Explosives, at 90 K Street, NE, Suite 1102, Washington, DC 22026 or (b)(6)

prior to the effective date of the action set forth above. You may not continue licensed operations unless and until a stay is granted by the DIO.

Records prescribed under 27 CFR Part 478 for the license described above shall either be delivered to ATF within 30 days of the date the business is required to be discontinued or shall be documented to reflect delivery to a successor. See 18 U.S.C. 923(g)(4) and 27 CFR § 478.127.

After the effective date of a license denial of renewal, revocation, or suspension, you may not lawfully engage in the business of dealing in firearms. Any disposition of your firearms business inventory must comply with all applicable laws and regulations. Your local ATF office is able to assist you in understanding and implementing the options available to lawfully dispose of your firearms business inventory.

Date 07/27/2022	Name and Title of Bureau of Alcohol, Tobacco, Firearms and Explosives Official Andrew M. Perdas Director, Industry Operations	Signature <b>(b)(6)</b>	Digitally signed by Andrew M. Perdas Date: 2022.07.27 11:10:38 -0400'
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I certify that, on the date below, I served the above notice on the person identified below by:

Certified mail to the address shown below.  
Tracking Number: 7010 1870 003 2128 5036

Or

Delivering a copy of the notice to  
the address shown below.

Date Notice Served	Title of Person Serving Notice	Signature of Person Serving Notice
Print Name and Title of Person Served		Signature of Person Served
Address Where Notice Served		

Note: Previous Edition is Obsolete

## Background

1. Blue Water Sales LLC., 1024 Bells Road, Suite 107, Virginia Beach, Virginia 23451 (licensee), holds Federal firearms license 1-54-810-01-3F-24034 as a dealer, including pawnbroker, in firearms other than destructive devices issued by the Bureau of Alcohol, Tobacco, Firearms and Explosives (“ATF”) pursuant to the Gun Control Act of 1968 (“GCA”), as amended, 18 U.S.C. Chapter 44, and the regulations issued thereunder, 27 C.F.R. Part 478.
2. On March 3, 2022, ATF issued a Notice to Revoke or Suspend License and/or Impose a Civil Fine, ATF Form 4500 (5300.4) (“Notice to Revoke”), to the licensee. By email dated March 17, 2022, the licensee timely requested a hearing to review that Notice to Revoke.
3. By letter dated May 16, 2022, ATF advised the licensee that ATF would conduct a hearing to review the Notice to Revoke on June 8, 2022, at 10:00 AM before the Director, Industry Operations in accordance with the provisions of Title 18, United States Code, Section 923(f) and Title 27, Code of Federal Regulations, Part 478, Subpart E. The letter provided the licensee with three options for the venue: (1) telephonic and/or video hearing via Microsoft Teams or some other widely available program; (2) written submissions; or (3) in-person hearing. On May 19, 2022, the licensee responded by email requesting a virtual hearing.
4. The administrative hearing on this matter occurred via Microsoft Teams on June 8, 2022. ATF Director, Industry Operations (“DIO”), Washington Field Division, Andrew Perdas presided over the hearing. Present for the Government were ATF Staff Attorney (b)(6) and ATF Industry Operations Investigators (“IOI”) (b)(6) and (b)(6). The licensee’s Responsible Person, Robert Claunch, attended the hearing for the licensee. Also present on the line, but not participating, was court reporter (b)(6). (b)(6) The hearing was recorded and transcribed. Both parties were offered the opportunity to present testimony, introduce evidence, and cross examine the other party’s witnesses. Both the Government and licensee offered testimony, but only the Government introduced exhibits.

## Findings of Fact

Having reviewed the record in this proceeding, I make the following findings:

1. The licensee obtained the subject Federal firearms license in 2017 for the licensed premises at 1024 Bells Road, Suite 107, Virginia Beach, Virginia 23451. On April 28, 2017, prior to the issuance of the license, ATF IOI (b)(6) conducted a qualification inspection with the licensee during which IOI (b)(6) reviewed the relevant Federal firearms laws and regulations with the Responsible Person Robert Claunch, as documented by Mr. Claunch’s signature on an Acknowledgment of Federal Firearm Regulations indicating that ATF explained the laws and regulations listed on the Form

- e) failed to record background check information on ATF Form 4473 prior to the transfer of a firearm in violation of 18 U.S.C. §§ 922(m), 922(t)(4), and 923(g)(1)(A), and 27 C.F.R. § 478.124(c)(3)(iv).

See Revocation Hearing, Exhibit 1.

5. During the administrative hearing, but prior to the admission of any evidence, ATF Staff Attorney (b)(6) advised the licensee that the Government would not be moving forward with regard to the instance of Violation 3 on the Notice to Revoke, which alleged that the licensee failed to complete, accurately, and/or timely record information into the Acquisition and Disposition Record when disposing (b)(3) (112 Public Law 55 125 Stat 552)
6. After review of the record in this matter, I find that with exception of the instance of Violation 3 alleged in the Notice to Revoke, the facts set forth in the Notice to Revoke occurred.

### Conclusions of Law

1. Pursuant to the GCA, ATF may, after notice and opportunity for hearing, revoke a Federal firearms license if the licensee has willfully violated any provision of the GCA or the regulations issued thereunder. 18 U.S.C. § 923(e); 27 C.F.R. § 478.73.
2. For purposes of the regulatory provisions of the GCA, a “willful” violation is committed when a licensee knows of its legal obligations and purposefully disregarded or was plainly indifferent to those requirements. *See American Arms Interna’l, et al. v. Herbert*, 563 F.3d 78 (4<sup>th</sup> Cir. 2009); *Simpson v. AG United States*, 913 F.3d 110, 114 (3d Cir. 2019); *CEW Props v. USDOJ*, 979 F.3d 1271, 1279 (10 Cir. 2020).
3. Having established that the licensee violated the GCA, and the regulations issued thereunder, it must be determined whether it willfully committed those violations discussed above. For the reasons stated below, I conclude that the licensee’s conduct constitutes willful violations.
4. The evidence and testimony at the hearing show that the licensee, who had been in business for several years, knew and understood his legal obligations as a Federal firearms license and was plainly indifferent to the Federal firearms laws and regulations in the cited instances. In this regard, the licensee knew his obligations as a Federal firearms licensee as evidenced by the fact that the licensee signed two Federal Firearm Regulation Acknowledgment Forms indicating that on at least two occasions an ATF IOI reviewed and provided instruction on the pertinent regulations with him. Significantly, the licensee signed his name under the statement that reads, “I understand that this is only a general overview of the regulations and that I will be responsible for familiarizing myself with all of the laws and regulations government my licensed firearm business.” (Rev. Hr’g, Exs. 5 and 7). Moreover, the licensee’s knowledge and understanding of

“very likely” that IOI (b)(6) reviewed ‘gifting’ with him during the 2019 inspection and that he took responsibility for not comprehending that regulation. (Rev. Hr’g Tr., p. 59, line 10 - p. 60, line 13). IOI (b)(6) also testified that she detailed the legal requirements of personal firearms and ‘gift giving’ with Mr. Claunch during the review of the Acknowledgement of Federal Firearm Regulations. (Rev. Hr’g Tr., p 19, line 9 - p. 20, line 9). Four days after the review of the regulations, Mr. Claunch transferred the (b)(3) (112 Public Law 55 125 Stat 552),(b)(6) (Rev. Hr’g Tr., p 52, line 20) and admitted that he “just didn’t think it through, I guess clearly” (Rev. Hr’g Tr., p 52, lines 22-23). The temporal proximity between the licensee’s review of the regulations and the licensee’s GCA violations strongly refute claims the violations were committed in ignorance.

7. Although not a factor in a willfulness determination, Mr. Claunch’s lack of a subsequent compliance plan is indicative of a larger pattern of disregard. Mr. Claunch mentioned several times that firearm transfers are not his “core business” (*See* Rev. Hr’g Tr., p. 50, lines 1-2; p. 56, lines 24-25; and p. 57, line 10). When asked what subsequent compliance measures Blue Water Sales would enact, Mr. Claunch stated that he would pay more attention to the forms. (Rev. Hr’g Tr. p. 55, line 18 – p. 57, line 7). However, that same assurance was provided by Mr. Claunch during the Warning Conference that was conducted after the 2019 compliance inspection. Notably, at the time of the revocation hearing on June 8, 2022, Blue Water Sales still had not submitted the missing Multiple Sale Forms it was cited for in the previous inspection, despite it being discussed in the aforementioned Warning Conference. (Exhibit 10, Rev. Hr’g Tr., p. 30, lines 6-22). Therefore, Mr. Claunch’s most recent assurances of future compliance were discredited by the fact that a detailed compliance plan was not provided, and Blue Water Sales did not uphold its previous promise of corrective actions.
8. Despite the fact that the licensee understood its responsibilities under the GCA, the evidence reveals that the licensee was plainly indifferent to, or purposefully disregarded the firearms laws and regulations.
9. As such, I conclude that the licensee willfully violated the provisions of the GCA, and the regulations issued thereunder. Accordingly, as provided by 18 U.S.C. § 923(e) and 27 C.F.R. § 478.73, the Federal firearms license held by Blue Water Sales is hereby REVOKED.

Dated this 27<sup>th</sup> day of July 2022.