

RK HOLDINGS LLP's FCI  
FCI-23069  
10/22/2021 04:35 PM  
IO# (b)(6) Cincinnati II (IO) Field Office

**LICENSEE INFORMATION**

Licensee Name	RDS Key	License/Permit Number	License Type
RK HOLDINGS LLP	4-31-06138	4-31-037-01-0E-06138	01 - Dealer License

Business Type  
Limited Liability Partnership (LLP)

**Premises Address** **Mailing Address**

Premises Ownership Type  
Leased/Rented Same as Premises Address

Premises Location Type  
Store Front

Address  
4216 Dewitt Ave  
Unit N/A  
Mattoon, Illinois 61938-6643  
Coles County United States

**RECOMMENDATIONS**

Final Decision  
Warning Conference

Deputy Assistant Director Megan Bennett's Recommendation  
Warning Conference

Details

I concur with the recommendation of DIO led Warning Conference in lieu of Revocation. The FFL had internal policies that did not allow manual corrections to be made to the ATF F 4473 so if stores noticed an error and wanted a customer to correct the form, they would start a new form in the computerized system, resulting in false entries. The DIO will ensure the corporate compliance representative is in attendance at the warning conference so proper corporate-wide corrections to their policies and procedures may be made.

The case was briefed to the Director/Deputy Director on 8/4/2021.

Special Agent in Charge Roland Herndon's Recommendation

I concur Warning Conference in lieu of revocation.

Division Counsel (b)(6) Recommendation  
Warning Conference

Details

Division Counsel concurs with the recommendations of the IOI, A/S and DIO to hold a DIO led Warning Conference in lieu of revocation.

Director Industry Operations Judith Ledoux's Recommendation  
Warning Conference

Details

The DIO concurs with the recommendation to hold a DIO led Warning Conference in lieu of revocation. Licensee utilizes the Fastbound electronic record keeping system. Licensee caused the A&D record to be falsified by adding new entries and deleting the original entries as a result of correcting ATF Forms with errors. Additionally, RK Holdings LLP, Springfield, OH location (both licenses inspected simultaneously) caused ATF Forms 4473 to be falsified by initiating a new form when an error was discovered on the original form. A DIO led Warning Conference in lieu of revocation has been recommended for that inspection as well (see FCI-24404). The DIO plans to conduct the Warning Conferences for both licenses together to discuss the violations and advise the licensee(s) to follow the guidelines set forth by the ATF as well as RK corporate policies concerning their electronic record keeping system (how to make corrections). The details of the violations are set forth in the attached MCP 8C.

Area Supervisor (b)(6) Recommendation  
Warning Conference

Details

DIO Held Warning Conference recommended.

Industry Operations Investigator (b)(6) Recommendation  
Warning Conference

Details

**ALTERNATE RECOMMENDATION: DIO Held Warning Conference in lieu of Revocation; Recall Inspection.**

A DIO held warning conference with a recall inspection is recommended because the licensee knowingly made false entries in, or failed to make appropriate entries in the Acquisition and Disposition Record on (b)(6) incidents. Specifically, on (b)(6) incidents. When the licensee discovered that the ATF Form 4473 and/or NICS check conducted with the original purchase of a firearm had an error, they had the purchaser return to the business premises and complete another ATF 4473 and a new NICS check on a subsequent date. The licensee then deleted the original date of disposition in the A&D Record, failed to enter a new acquisition with corresponding disposition, and instead, entered the subsequent date as the disposition date.

In addition, in (b)(6) incidents, when a firearm was returned to the store for repair, the licensee failed to document the acquisition of the firearm from the owner

for repair and instead deleted the disposition of the original transfer and changed the record to indicate that the firearm was disposed back to the manufacturer. Therefore, the original disposition and subsequent acquisition of the firearm for repair are not documented in the A&D Record.

The licensee's Springfield, OH license (4-31-06222) was inspected simultaneously with the current inspection. The Springfield, OH inspection (FCI-24404) resulted in similar falsification violations, but concerning the ATF Form 4473. The violations in the current inspection as well as those in the Springfield, OH inspection resulted from the licensee's policy of forbidding handwritten corrections to the ATF Form 4473, and requiring a new form be created each time an error is discovered. Due to this policy, the licensee entered or caused to be entered false information on the ATF Form 4473 of record (in the Springfield, OH inspection), or in the A&D Record (in the Greenville, OH inspection).

The company's policy of forbidding handwritten corrections to the ATF Form 4473 was identified as a problem during a 2018 inspection (FCI-57) on Rural King at their Lebanon, OH premises (4-31-04703). As a result of the Lebanon, OH inspection, Rural King developed a new company policy and referenced it in a subsequent variance request to ATF, concerning Rural King's ATF Form 4473 correction procedures. [REDACTED] Chief, Firearms Industry Programs Branch responded to Rural King in a January 31, 2019 letter, in which he summarized Rural King's ATF Form 4473 correction procedures, and advised that a variance was not required for the procedures as stated by Rural King. However, neither the Springfield, OH location nor the Greenville, OH location followed the procedures outlined to ATF and restated by [REDACTED] in the January 2019 letter, and that failure led to the falsification violations discussed herein. When confronted with the falsification violations cited in the Springfield, OH and Greenville, OH inspections, the licensee defended its actions by first pointing to the "variance" granted in the January 2019 letter, and later claiming that the violations were isolated anomalies. Regardless, the licensee's policy of forbidding handwritten corrections to the ATF Form 4473 has resulted in serious violations in at least three ATF compliance inspections. The licensee has been on notice regarding the violations since at least 2018, but the violations have continued. Furthermore, the significance of such failures is compounded by the licensee's numerous federal firearms licenses, all of which follow the same corporate compliance program. Due to the licensee continuing to knowingly commit serious violations after being put on notice, a DIO held warning conference is necessary to ensure that the licensee implements an appropriate and effective compliance plan.

A DIO held warning conference is recommended in lieu of revocation because the current inspection was the licensee's first under the current license issued in 2017 or the prior license issued in 2016. Additionally, the licensee's corporate firearms compliance team reported that they immediately began developing a plan to address the violations company-wide, to include reinforcing current standard operating procedures, expanding its current training program to address the violations identified in the inspections, and remote auditing of all stores to identify and mitigate violations in a timely manner. As discussed above, similar plans of action were promised as a result of the Lebanon, OH inspection, and the discovery of the same or similar violations in Springfield, OH and Greenville, OH is evidence of the licensee's failure to develop an appropriate policy, or its failure to properly train personnel on its policy. However, a DIO held warning conference will allow the licensee to develop and present a more robust compliance plan, and explain how it will ensure that its staff adheres to the plan.

Lastly, other than discussed herein, the inspection did not identify any prohibited transactions, illegal NICS violations, and no record keeping traceability issues; overall there were no public safety violations.

### Inspection Findings

### Records and Forms

13. Falsify records required under the GCA or making a false or fictitious written statement in the FFL's required records or in applying for a firearms license.

## ELIGIBILITY VERIFICATION

### Business Information Verification

Licensee Name	Business Type	Is the business valid?
RK HOLDINGS LLP	Limited Liability Partnership (LLP)	Yes

Additional Findings

Attachment(s):

RK Holdings - Business entity registration.pdf

### Property Ownership Verification

Premises Ownership Type	Premises Location Type	Has the property ownership been verified?
Leased/Rented	Store Front	Yes

Address  
4216 Dewitt Ave  
Unit N/A  
Mattoon, Illinois 61938-6643  
Coles County United States

Attachment(s):

RK Holdings - Property Ownership.pdf

### Rental/Lease Verification

Is the proposed business activity permitted by the property owner?

Yes

Additional Findings

The business property is owned by the corporation and leased to the Greenville Rural King for business and tax purposes.

Attachment(s):

RK Holdings - Property Ownership - Copy.pdf

### Zoning Information Verification

Is the proposed business activity in compliance with zoning?

Yes

Additional Findings  
No zoning issues

**Contact Information**

Name  
(b)(6)

Date Contacted  
03/10/2020

Organization  
city of Greenville Building and Zoning Department

Job Title  
City Inspector

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

Attachment(s):

**APPOINTMENT DETAILS**

Interview Date  
01/20/2021

Address  
4216 Dewitt Ave, Unit N/A, Mattoon, Illinois 61938-6643

**Responsible Attendee(s)**

**Non-Responsible Person(s)**

(b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 James Fennig  
 Kyle L Clum

(b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 (b)(6) (Deactivated)  
 (b)(6) (Deactivated)

**RESPONSIBLE PERSON(S)**

(b)(6)  
(Deactivated)

Name	Gender	Race	Ethnicity
(b)(6)			
Date of Birth	SSN	Job Title	
(b)(6)	(b)(6)	STORE MANAGER	

**Physical Identifiers**

Height	Weight	Hair Color	Eye Color

**Place of Birth**

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

**Home Address**

(b)(6)

**Additional Names**

**Citizenship**

United States

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

**Criminal History Check**

Date Criminal History Check Conducted

Criminal History Check Comments

NCIC/NLETS, NFORCE and CE/INTEL checks were conducted with no pending or prohibiting information disclosed.

(b)(6)

(Deactivated)

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

Physical Identifiers

Height (b)(6)	Weight (b)(6)	Hair Color Brown	Eye Color Brown
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Place of Birth

Country United States Of America	State (b)(6)	City (b)(6)
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Home Address

(b)(6)

Additional Names

Citizenship

United States

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

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

Email Address	Email Remarks
(b)(6)	

Criminal History Check

Date Criminal History Check Conducted  
03/09/2020

Criminal History Check Comments

NCIC/NLETS, NFORCE and CE/INTEL checks were conducted with no pending or prohibiting information disclosed.

(b)(6)

(Deactivated)

Name (b)(6)	Gender Male	Race White	Ethnicity Not Hispanic or Not Latino
Date of Birth (b)(6)	SSN (b)(6)	Job Title Store Manager	

Physical Identifiers

Height (b)(6)	Weight (b)(6)	Hair Color	Eye Color
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Place of Birth

Country United States Of America	State (b)(6)	City (b)(6)
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Home Address

(b)(6)

Additional Names

Citizenship

United States

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

  

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

Criminal History Check

Date Criminal History Check Conducted  
01/20/2021

Criminal History Check Comments  
NCIC/NLETS, NFORCE and CE/INTEL criminal history checks were completed with no pending or prohibiting information disclosed.

Reason for Adding Responsible Person

Responsible Person is:  
Store/Regional Manager

Comments  
James Fennig was hired as the store manager in September of 2020. He has not been added to this license as of the start of this inspection.

James Fennig

Name	Gender	Race	Ethnicity
James Fennig	Male	White	Not Hispanic or Not Latino

  

Date of Birth	SSN	Job Title
(b)(6)	(b)(6)	Store Manager

Physical Identifiers

Height	Weight	Hair Color	Eye Color
(b)(6)	(b)(6)		

Place of Birth

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

Home Address

(b)(6)

Additional Names

Citizenship

United States

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

  

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

**Criminal History Check**

Date Criminal History Check Conducted  
01/20/2021

Criminal History Check Comments  
NCIC/NLETS, NFORCE and CE/INTEL criminal history checks were completed with no pending or prohibiting information disclosed.

**Reason for Adding Responsible Person**

Responsible Person is:  
Store/Regional Manager

**Comments**

This location of Rural King did not have a Responsible Person listed on the FLS data-base at the store. Jim Fennig was hired as the store manager around September 15, 2020. He was given fingerprint cards and the Responsible Person Questionnaire and directions on the steps to have him added to this license.

**Kyle L. Clum**

Name	Gender	Race	Ethnicity
Kyle L Clum	Male	White	Not Hispanic or Not Latino
Date of Birth	SSN	Job Title	
(b)(6)	(b)(6)	Store Manager	

**Physical Identifiers**

Height	Weight	Hair Color	Eye Color
		Brown	Brown

**Place of Birth**

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

**Home Address**

(b)(6)

**Additional Names**

**Citizenship**

United States

Phone Type	Phone Number	Remarks
Mobile	(b)(6)	Personal phone number
Email Address	Email Remarks	
(b)(6)		

**Criminal History Check**

Date Criminal History Check Conducted  
06/07/2021

**Reason for Adding Responsible Person**

Responsible Person is:  
Store/Regional Manager

**Comments**

Mr. Clum was added as a Responsible Person during the course of the inspection after the Manager and Responsible Person James Fenning resigned from his position.

**NON-RESPONSIBLE PERSON(S)**

(b)(6)

Name	Date of Birth	Job Title
(b)(6)		
(b)(6)		

Name	Date of Birth	Job Title
(b)(6)		
(b)(6)		

Name	Date of Birth	Job Title
(b)(6)		
(b)(6)		
Name	Date of Birth	Job Title
(b)(6)		
(b)(6)		
Name	Date of Birth	Job Title
(b)(6)		
(b)(6)		
Name	Date of Birth	Job Title
(b)(6)		

**INTERVIEW QUESTIONNAIRE**

What is the proposed business activity?

The licensee is a corporation that retails all types of general merchandise and farm related supplies and equipment as well as firearms to the general public. They retail only new long guns and handguns which they acquire from their corporate distribution centers.

The licensee does transfer firearms to other licensees and follows the proper protocol of acquiring a certified copy of the FFL prior to the transfer. They also advertise and sell firearms on their website, www.rkshares.com. Purchases made from this website are shipped to the Rural King closest to the purchaser. When the licensee transfers firearms to other licensees, they obtain a certified copy of licenses and maintains copies of these licenses on file.

The corporation has an ATF compliance program in place. They have a set of Standard Operation Procedures (SOP's) that outline the procedures for retailing firearms. Each employee authorized to work in their firearm department is required to take the training. In addition, the ATF Form 4473s are reviewed daily, weekly and monthly by members of management for accuracy. Lastly, a physical serial number inventory is conducted weekly as well as on a monthly basis. The licensee does not engage in manufacturing, importing or exporting of firearms or ammunition. In addition, they do not retail firearms at gun shows, do not retail firearms to wholesalers, do not deal in black powder, and they do not retail firearms that fall under the jurisdiction of the National Firearms Act (NFA).

Do they need an additional license or permit?

No

Who are their primary suppliers?

Rural King distribution centers

**Business Activities**

Internet Sales/Transfers

Drop Shipments

Retail

**Internet Sales/Transfers Website**

www.rkguns.com

**Selected Operational Security Measures**

Controlled Access to ATF Recordkeeping

Controlled Access to Keys

Designated Security Coordinator

Formal Employee Training

Suspicious persons/activities reporting protocols

Current & Active Security Plan

**PREMISES INFORMATION**

Inspection Area Description

The licensee is a part of a corporation with a multitude of stores in several states, retailing general merchandise, farm equipment, and new firearms to the general public. The license was issued in 2017. The licensee was previously licensed as a Type 01 Dealer in Firearms under 4-31-05067, from 2016 through 2017. The licensee ceased retailing firearms under the previous license when the current license was issued in 2017. The current inspection is the licensee's first compliance inspection under either license at the Greenville, OH location.

Primary Activity

Retail

**GPS Coordinates**

Latitude

39.49301

Longitude

-88.41338

**Selected Physical Security Measures**

(b)(4)

**ONSITE SUMMARY**

Total # of ATF F 4473 Reviewed

(b)(4)

Total # of Open Dispositions in A & D Record

(b)(4)

Total # of Firearms in Inventory

176

Total # of Firearms Missing after Reconciliation

0

Total # of Acquisitions in the Last 12 Months

(b)(4)

Total # of Dispositions in the Last 12 Months

(b)(4)

Additional Comments

Multiple Sales reports were involving firearms were verified via the VCAB report. No unreported MS reports were identified.

No suspicious purchasers identified.

No secondary market firearms are acquired or disposed by this licensee.

FFL Audit report disclosed 669 NTN transactions resulting with a proceed or delay; of them were matched with an ATF Form 4473; no forms were found for of the NTNs which was cited (see ROV). The same report disclosed 38 denied transactions for the inspection period of January 1, 2020 to January 20, 2021; Denied NTNs did not have a corresponding ATF Form 4473 (see ROV for citation).

Attachment(s)

Report of Violations.pdf

Licensee Response to Violations Report.pdf

**REPORT OF VIOLATIONS**

Regulation	Corrective Actions	Instance Details
<p>27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping</p> <p>Number of Instances: [ ]</p>	<p>Cease and desist from engaging in deceptive practices.</p>	<p>The licensee knowingly made false entries, omitted entries, and/or failed to make the appropriate entries in the A&amp;D record.</p> <p>Specifically, in [ ] incidents, when the licensee discovered that the ATF Form 4473 and/or NICS check conducted with the original purchase of a firearm(s) had an error, they had the purchaser return to the business premises and complete another ATF 4473 and a new NICS check on a subsequent date. The licensee then deleted the original date of disposition in the A&amp;D Record, failed to enter a new acquisition, and subsequently, entered the final disposition as the disposition date. Therefore, the original disposition and subsequent acquisition are not documented in the A&amp;D Record.</p> <p>In [ ] incidents, when a firearm was returned by the transferee to the store for repair, the licensee failed to document the acquisition of the firearm for repair and instead deleted the disposition of the original transfer and changed the record to indicate that the firearm was returned to the manufacturer. Again, the original disposition and subsequent acquisition are not documented in the A&amp;D Record.</p>
<p>27 CFR 478.129(b): Failure to retain ATF F 4473</p> <p>ATF Forms 4473: [ ]</p> <p>Number of Instances: [ ]</p>	<p>Identify and separately retain all denied (completed and future) ATF Forms 4473, for a period not less than 5 years.</p> <p>Retain ATF Forms 4473 for a period of not less than 20 years after the date of sale or disposition.</p>	<p>(b)(3) (112 Public Law 55 125 Stat 552), (b)(6)</p>
<p>27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms</p> <p>Number of Instances: [ ]</p>	<p>Accurately, completely &amp; timely record all required future firearm acquisition information.</p> <p>Accurately, completely &amp; timely record all required future firearm disposition information.</p> <p>Amend/Update A&amp;D Record to accurately record all required firearm acquisition information.</p> <p>Amend/Update A&amp;D Record to accurately record all required firearm disposition information.</p>	<p>(b)(3) (112 Public Law 55 125 Stat 552)</p>

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

27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF F 4473

ATF Forms 4473:   
Number of Instances:

Ensure that all required transferee/buyer identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B.

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

4

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

LICENSEE RESPONSE REPORT

Regulation	Corrective Actions	Licensee Response	Status Details
<p>27 CFR 478.121(c): Making false entry, omitting entry, or failing to properly maintain required recordkeeping</p> <p>Number of Instances: [ ]</p>	<p>Cease and desist from engaging in deceptive practices.</p>	<p>We need to better disseminate our SOP to the stores. The violations were not in compliance with company policy. We have identified a way to remotely audit the stores and immediately address any issues determined to be company-wide. Training program currently being developed to address the problems, but we still believe the issues cited in the 121(c) violation are isolated. This is the first time it has been brought to my attention [ (b)(6) ] but we will take it seriously. We need to determine where the non-compliant procedures came from. Main focus will be remote auditing and training to stress proper procedure and consistency.</p> <p>On the advice of FFL Guard, [ (b)(6) ] [ (b)(6) ] annotated the ROV under the 121(c) violation to indicate that "we disagree with the wording of the falsification, but agree they were in error."</p>	<p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p>
<p>27 CFR 478.129(b): Failure to retain ATF F 4473</p> <p>ATF Forms 4473 [ ] Number of Instances: [ ]</p>	<p>Identify and separately retain all denied (completed and future) ATF Forms 4473, for a period not less than 5 years. Retain ATF Forms 4473 for a period of not less than 20 years after the date of sale or disposition.</p>	<p>Licensee stated that they plan to reinforce current RK policy, which requires the store to print the forms. They will also be remotely auditing the stores to ensure that they are complying with policy. [ (b)(6) ], manager for the Springfield store location, suggested that they include auditing to match NICS checks with appropriate forms.</p>	<p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p>
<p>27 CFR 478.125(e): Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms</p> <p>Number of Instances: [ ]</p>	<p>Accurately, completely &amp; timely record all required future firearm acquisition information. Accurately, completely &amp; timely record all required future firearm disposition information. Amend/Update A&amp;D Record to accurately record all required firearm acquisition information. Amend/Update A&amp;D Record to accurately record all required firearm disposition information.</p>	<p>RK said they will work with their distribution center to ensure that "Bond Arms" and any other missing firearm information is added to the record. FFL Guard and [ (b)(6) ] discussed reacquainting the FastBound team with the RK audit team, to make sure they are ready for ATF inspections. The Greenville store will correct the dispositions to accurately reflect the correct date of transfer.</p>	<p>Status Licensee Notified</p> <p>Verified Method In Person</p> <p>Date Licensee Notified 06/02/2021</p>
<p>27 CFR 478.124(c)(3)(i): Failure to verify or record Identification document on ATF F 4473</p>	<p>Ensure that all required transferee/buyer identification information is obtained, validated and accurately recorded on all future ATF Forms 4473, Section B.</p>	<p>RK said they will add to the SOP that the expiration date on an Ohio driver's license is the birth month and date, plus the new year.</p>	<p>Status Licensee Notified</p> <p>Verified Method</p>

ATF Forms 4473: [redacted] Number of Instances: [redacted]		In Person  Date License Notified 06/02/2021
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**CLOSING CONFERENCE**

Review Regulations conducted offline

( 6/2/2021 )  
 06/02/2021

Closing Conference Additional Notes:

The closing conference and regulatory review were conducted jointly with the Springfield store inspection closing. IO [redacted] conducted the review of the cited violations for the Greenville license location, and IO [redacted] conducted the review of the violations for the Springfield license location. [redacted] Director of Firearm Compliance was in attendance with the managers of the Springfield and Greenville stores. In addition, [redacted] attorney with FFL Guard, participated via a conference call for the review of all violations.

The licensee's Springfield, OH license (4-31-06222) was inspected by Industry Operations Investigator (IO) [redacted] simultaneously with the current inspection. The Springfield, OH inspection (FCI-24404) resulted in similar falsification violations, but concerning the ATF Form 4473 instead of the A&D Record. The violations in the current inspection as well as those in the Springfield, OH inspection resulted from the licensee's policy of forbidding handwritten corrections to the ATF Form 4473, and requiring a new form be created each time an error is discovered. Due to this policy, the licensee entered or caused to be entered false information on the ATF Form 4473 of record (in the Springfield, OH inspection), or in the A&D Record (in the Greenville, OH inspection).

The company's policy of forbidding handwritten corrections to the ATF Form 4473 was identified as a problem during a 2018 inspection (FCI-57) on Rural King at their Lebanon, OH premises (4-31-04703). As a result of the Lebanon, OH inspection, Rural King developed a new company policy and referenced it in a subsequent variance request to ATF, concerning Rural King's ATF Form 4473 correction procedures. [redacted] Chief, Firearms Industry Programs Branch responded to Rural King in a January 31, 2019 letter, in which he summarized Rural King's ATF Form 4473 correction procedures, and advised that a variance was not required for the procedures as stated by Rural King. However, neither the Springfield, OH location nor the Greenville, OH location followed the procedures outlined to ATF and restated by [redacted] in the January 2019 letter, and that failure led to the falsification violations. When confronted with the falsification violations cited in the Springfield, OH and Greenville, OH inspections, the licensee defended its actions by first pointing to the "variance" granted in the January 2019 letter, and later claiming that the violations were isolated anomalies. Regardless, the licensee's policy of forbidding handwritten corrections to the ATF Form 4473 has resulted in serious violations in at least three ATF compliance inspections. The licensee has been on notice regarding the violations since at least 2018, but the violations have continued. Furthermore, the significance of such failures is compounded by the licensee's numerous federal firearms licenses, all of which follow the same corporate compliance program.

Attachment(s)

**Attendee(s)**

Kyle L Clum

**WARNING CONFERENCE**

**Scheduling Letter**

Assigned To

[redacted]

Delivery Method

Hand-Delivery

Recipient Name

[redacted]

Delivery Date

09/21/2021 12:00 AM

Additional Notes

The Warning Conference scheduling letter was generated on August 11, 2021. A rescheduling letter was generated on September 27, 2021. Due to assignment issued, this assignment was re-assigned to IO [redacted] beginning at the send warning conference scheduling letter

**Conference Details**

Warning Conference Lead

Judyth Ledoux

Conference Date/Time

10/07/2021 10:00 AM

Conference Address

230 West St, Unit N/A, Columbus, Ohio 43215

Representing ATF

Judyth Ledoux [redacted]

Responsible person(s) representing the licensee

Kyle L Clum

Non-Responsible person(s) representing the licensee

[redacted]

Follow-Up Letter Details

(1) Violation of 27 CFR 478.129(b): "Failure to Retain ATF F 4473."

In response to the above violation, Licensee stated that it is unacceptable to have any missing forms. They said that the Rural King Standard Operating Procedures (SOP) always required the forms to be generated and printed from the FastBound software, but the SOP was not followed. Licensee added that the SOP also requires weekly audits on all forms, and the audits should identify any missing forms. Licensee said the weekly audits were not always conducted, but that they will be moving forward.

(2) Violation of 27 CFR 478.121(c): "Making false entry, omitting entry, or failing to properly maintain required recordkeeping."

In response to the above violation, Licensee advised that they took a three-step approach in addressing the issue. First, they reviewed their current policies and SOP to determine whether they were complete and accurate. They concluded that the policies were appropriate. Second, they focused on training managers and associates on the policies and SOP to ensure that they understand and comply with the requirements. They said they now require all managers and associates to read and sign the SOP, and they are currently in the process of bringing all managers and associates into compliance with that requirement. They also require each associate to complete 22 hours of compliance training and are in the process of creating a training video to incorporate into the training. Licensee stated that they believe training is the largest component of their compliance program to address, and they have doubled their efforts in that regard. They added that employee turnover was particularly high during COVID-19, and it has been challenging to maintain consistent application of standard procedures. Third, Licensee has implemented an enhanced auditing program to augment its existing auditing program. Licensee explained that they alerted FastBound to some of the issues identified during the inspection, and FastBound made adjustments to address the problems and improve auditing. Licensee advised that they conducted an internal test audit with the enhanced system, and the system successfully flagged the [redacted] forms cited under the 121(c) violation. They also audited their other stores and did not find similar violations. Licensee explained that they believe the enhanced auditing system will successfully find ATF Forms 4473 with problems and allow the compliance team to address the issues immediately.

DIO LeDoux advised Licensee that photocopying the ATF Form 4473 with the error and writing in the corrections by hand would eliminate the risk of making false entries that exists

with the current procedures. DIO LeDoux then drew Licensee’s attention to the January 31, 2019, ATF letter addressed to Licensee regarding corrections to ATF Forms 4473, and asked Licensee to explain its procedures when errors are discovered on ATF Forms 4473. Licensee explained that if the error is discovered before the firearm leaves the store, the associate will generate a new ATF Form 4473 with the corrected information. Licensee added that the associate must use the “edit mode” in FastBound to change dates and other entries to completely and accurately reflect the transfer. They acknowledged that the associates involved in the [redacted] forms cited in the violation did not follow the SOP, and that the training program will address such issues. Licensee stated that if the error is discovered after the firearm leaves the store, the associate must photocopy the form and handwritten corrections are entered on the form. IO [redacted] interjected that she identified 21 instances in the Greenville, OH inspection where the associates discovered errors after the firearms were transferred, called the customers back to the store, created new ATF Forms 4473, and conducted new NICS checks. IO [redacted] explained that those procedures led to the false entries in the acquisition and disposition record (A&D Record) at the Greenville, OH store because the associates then deleted the original disposition to the customer and entered the subsequent disposition from the new form. IO [redacted] emphasized that the errors cited under 121(c) are particularly serious because of how they affect traceability. Licensee acknowledged the seriousness of the violations and reiterated that the involved associates did not follow the SOP, and the issues will be addressed through training.

- (3) Violation of 27 CFR 478.21(a): “Failure to complete forms as prescribed.”
- (4) Violation of 27 CFR 478.124(c)(3)(i): “Failure to verify or record identification document on ATF F 4473.”
- (5) Violation of 27 CFR 478.124(c)(3)(iv): “Failure to record NICS contact information on an ATF F 4473.”
- (6) Violation of 27 CFR 478.124(c)(1): “Failure to obtain a completed ATF F 4473.”
- (7) Violation of 27 CFR 478.124(c)(4): “Failure to record firearm information on an ATF F 4473.”

In response to the above violations, Licensee advised that their new training program will emphasize accuracy with the ATF Form 4473 and NICS, especially with regard to recording NICS responses and proper dates. Licensee further advised that their enhanced auditing system is designed to identify such errors so they may be addressed immediately. Licensee added that the SOP requires each store to validate all forms on a weekly basis. They said that process was not followed in the past and it will be fixed moving forward.

- (8) Violation of 27 CFR 478.125(e): “Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms.”

In response to the above violation, Licensee stated that they found examples where “Bond Arms Inc.” was not marked anywhere on the firearm. IO [redacted] advised that some Bond Arms firearms have the manufacturer name and location marked on the barrel rather than the frame. Licensee clarified that some examples they received did not have the manufacturer’s name and location marked anywhere on the firearm, including the barrel. They explained that their distribution centers are now inspecting all Bond Arms firearms before accepting them into inventory to verify that all markings are present. DIO LeDoux asked what actions Licensee has taken with any firearms that lacked the required markings. Licensee advised that it has not found any recent examples of such firearms, but that it would communicate with Bond Arms if any were found.

DIO LeDoux concluded the conference by emphasizing the seriousness of the violations cited under 27 CFR 478.121(c). She advised that a repeat of such violations could result in revocation of the license. DIO LeDoux also reminded Licensee that IOIs are always available for seminars, to speak at Licensee’s internal training events, or to otherwise consult on compliance issues. Licensee concluded by stating that they take the violations seriously, and that they believe a focus on training and auditing will prevent future violations such as those cited under 121(c).

**Follow-Up Letter**

Delivery Method	
Hand-Delivery	
Recipient Name	Delivery Date
(b)(6)	10/22/2021 03:36 PM

**EXHIBITS**

**Inspection**

Category	Attachment Name
Correspondence	Spartan Notification RE: 4-31-06138 Inspection Results
WarningConferenceFollowUpLetter	Follow Up Letter.pdf
WarningConferenceSchedulingLetter	Scheduling Letter.pdf
WarningConferenceSchedulingLetter	Scheduling Letter.pdf
WarningConferenceSchedulingLetter	Scheduling Letter.pdf
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
Correspondence	DIO Judyth Ledoux Returned Inspection FCI-23069
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
Correspondence	Spartan Notification RE: 4-31-06138 Monitored Case
LicenseeResponseToViolationsPDF	Licensee Response to Violations Report.pdf
ViolationsPDF	Report of Violations.pdf
RentalLeaseVerification	RK Holdings - Property Ownership - Copy.pdf
PropertyOwnershipVerification	RK Holdings - Property Ownership.pdf
BusinessVerification	RK Holdings - Business entity registration.pdf



August 11, 2021

**WARNING CONFERENCE**

RK HOLDINGS LLP  
4216 DEWITT AVE  
MATTOON, Illinois 61938-6643

**Re:** Federal Firearms License Number: 4-31-06138

RK HOLDINGS LLP,

As a result of a recent compliance inspection conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) at your firearms business located at 695 WAGNER AVE, Unit N/A, GREENVILLE, Ohio 45331 on 1/20/2021 through 06/02/2021, you were cited for violations of 27 Code of Federal Regulations, Part 478. The violations were discussed with you during the inspection. A copy of the Report of Violations, ATF Form 5030.5, issued at the time of the inspection is enclosed.

You should be aware that any willful violations of the Gun Control Act may result in revocation of your Federal firearms license. As a result of the recently cited violations, it is important that we have a meeting with you to discuss the violations found. The conference will be held at 230 West St, Suite 400, Columbus, Ohio 43215 on 09/23/2021 at 10:00 AM. The agenda for the meeting will include a discussion of the reasons for the violations, a review of the legal requirements, and a discussion of steps to be taken by you to ensure future compliance. Although we do not believe it necessary, legal counsel may assist you at your own expense if you so choose. **Please bring with you documentation verifying the corrective action you have taken and any compliance plan you have developed to ensure these violations do not recur.**

Also, you are hereby notified that, pursuant to 18 U.S.C. § 930(a), no person may bring a firearm or other dangerous weapon into an ATF office. Possession of a firearm or other dangerous weapon in an ATF office may result in a fine of \$100,000 or imprisonment for not more than 1 year or both.

The records you are required to maintain and the business operations you conduct are important to law enforcement in our continuing effort to reduce violent crime and protect the public. It is essential that you comply with all Federal laws and regulations that govern your firearms business to aid in this effort to combat violent crime.

We will conduct a follow-up inspection in the future. Any violations, either repeat or otherwise, could be viewed as willful and may result in the revocation of your license.

Please contact Industry Operations Investigator (b)(6) or me at (b)(6) to confirm this appointment, and to ask any questions you may have regarding this conference. We look forward to meeting with you to resolve these issues.

Sincerely,  
Judyth Ledoux  
Director Industry Operations  
Columbus Field Division



September 22, 2021

**WARNING CONFERENCE**

RK HOLDINGS LLP  
4216 DEWITT AVE  
MATTOON, Illinois 61938-6643

**Re:** Federal Firearms License Number: 4-31-06138

RK HOLDINGS LLP,

As a result of a recent compliance inspection conducted by the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) at your firearms business located at 695 WAGNER AVE, Unit N/A, GREENVILLE, Ohio 45331 on 1/20/2021 through 06/02/2021, you were cited for violations of 27 Code of Federal Regulations, Part 478. The violations were discussed with you during the inspection. A copy of the Report of Violations, ATF Form 5030.5, issued at the time of the inspection is enclosed.

You should be aware that any willful violations of the Gun Control Act may result in revocation of your Federal firearms license. As a result of the recently cited violations, it is important that we have a meeting with you to discuss the violations found. The conference has been rescheduled and will be held at 230 West St, Unit N/A, Columbus, Ohio 43215 on 10/07/2021 at 10:00 AM. The agenda for the meeting will include a discussion of the reasons for the violations, a review of the legal requirements, and a discussion of steps to be taken by you to ensure future compliance. Although we do not believe it necessary, legal counsel may assist you at your own expense if you so choose. **Please bring with you documentation verifying the corrective action you have taken and any compliance plan you have developed to ensure these violations do not recur.**

Also, you are hereby notified that, pursuant to 18 U.S.C. § 930(a), no person may bring a firearm or other dangerous weapon into an ATF office. Possession of a firearm or other dangerous weapon in an ATF office may result in a fine of \$100,000 or imprisonment for not more than 1 year or both.

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We will conduct a follow-up inspection in the future. Any violations, either repeat or otherwise, could be viewed as willful and may result in the revocation of your license.

Please contact Industry Operations Investigator (b)(6) or me (b)(6) to confirm this appointment, and to ask any questions you may have regarding this conference. We look forward to meeting with you to resolve these issues.

Sincerely,  
Judyth Ledoux  
Director Industry Operations  
Columbus Field Division



October 21, 2021

WARNING CONFERENCE FOLLOW UP

RK HOLDINGS LLP

4216 Dewitt Ave  
Mattoon, Illinois 61938-6643

Re: Federal Firearms License Number: 4-31-06138

RK HOLDINGS LLP,

This letter is a follow-up to the warning conference held with you on October 7, 2021 at 10:00 AM. During this conference, the violations cited during the inspection conducted on 1/20/2021 through 6/2/2021, and the necessary corrective action to prevent the violations from reoccurring were discussed. The following people were in attendance:

Representing the ATF Columbus Field Division Field Division: Judyth Ledoux (b)(6)  
Responsible person(s) representing the licensee: Kyle L. Clum  
Non-Responsible person(s) representing the licensee (b)(6)

You were given the opportunity to comment on the violations and what specific action you have taken to ensure that the violations will not reoccur. With respect to the cited violations, we are providing a summary of your response to each violation:

(1) Violation of 27 CFR 478.129(b): "Failure to Retain ATF F 4473."

In response to the above violation, Licensee stated that it is unacceptable to have any missing forms. They said that the Rural King Standard Operating Procedures (SOP) always required the forms to be generated and printed from the FastBound software, but the SOP was not followed. Licensee added that the SOP also requires weekly audits on all forms, and the audits should identify any missing forms. Licensee said the weekly audits were not always conducted, but that they will be moving forward.

(2) Violation of 27 CFR 478.121(c): "Making false entry, omitting entry, or failing to properly maintain required recordkeeping."

In response to the above violation, Licensee advised that they took a three-step approach in addressing the issue. First, they reviewed their current policies and SOP to determine whether they were complete and accurate. They concluded that the policies were appropriate. Second, they focused on training managers and associates on the policies and SOP to ensure that they understand and comply with the requirements. They said they now require all managers and associates to read and sign the SOP, and they are currently in the process of bringing all managers and associates into compliance with that requirement. They also require each associate to complete 22 hours of compliance training and are in the process of creating a training video to incorporate into the training. Licensee stated that they believe training is the largest component of their compliance program to address, and they have doubled their efforts in that regard. They added that employee turnover was particularly high during COVID-19, and it has been challenging to maintain consistent application of standard procedures. Third, Licensee has implemented an enhanced auditing program to augment its existing auditing program. Licensee explained that they alerted FastBound to some of the issues identified during the inspection, and FastBound made adjustments to address the problems and improve auditing. Licensee advised that they conducted an internal test audit with the enhanced system, and the system successfully flagged the forms cited under the 121(c) violation. They also audited their other stores and did not find similar violations. Licensee explained that they believe the enhanced auditing system will successfully find ATF Forms 4473 with problems and allow the compliance team to address the issues immediately.

DIO LeDoux advised Licensee that photocopying the ATF Form 4473 with the error and writing in the corrections by hand would eliminate the risk of making false entries that exists with the current procedures. DIO LeDoux then drew Licensee's attention to the January 31, 2019, ATF letter addressed to Licensee regarding corrections to ATF Forms 4473, and asked Licensee to explain its procedures when errors are discovered on ATF Forms 4473. Licensee explained that if the error is discovered before the firearm leaves the store, the associate will generate a new ATF Form 4473 with the corrected information. Licensee added that the associate must use the "edit mode" in FastBound to change dates and other entries to completely and accurately reflect the transfer. They acknowledged that the associates involved in the forms cited in the violation did not follow the SOP, and that the training program will address such issues. Licensee stated that if the error is discovered after the firearm leaves the store, the associate must photocopy the form and handwritten corrections are entered on the form. IO (b)(6) interjected that she identified instances in the Greenville, OH inspection where the associates discovered errors after the firearms were transferred, called the customers back to the store, created new ATF Forms 4473, and conducted new NICS checks. IO (b)(6) explained that those procedures led to the false entries in the acquisition and disposition record (A&D Record) at the Greenville, OH store because the associates then deleted the original disposition to the customer and entered the subsequent disposition from the new form. IO (b)(6) emphasized that the errors cited under 121(c) are particularly serious because of how they affect traceability. Licensee acknowledged the seriousness of the violations and reiterated that the involved associates did not follow the SOP, and the issues will be addressed through training.

(3) Violation of 27 CFR 478.21(a): "Failure to complete forms as prescribed."

(4) Violation of 27 CFR 478.124(c)(3)(i): "Failure to verify or record identification document on ATF F 4473."

(5) Violation of 27 CFR 478.124(c)(3)(iv): "Failure to record NICS contact information on an ATF F 4473."

(6) Violation of 27 CFR 478.124(c)(1): "Failure to obtain a completed ATF F 4473."

(7) Violation of 27 CFR 478.124(c)(4): "Failure to record firearm information on an ATF F 4473."

In response to the above violations, Licensee advised that their new training program will emphasize accuracy with the ATF Form 4473 and NICS, especially with regard to recording NICS responses and proper dates. Licensee further advised that their enhanced auditing system is designed to identify such errors so they may be addressed immediately. Licensee added that the SOP requires each store to validate all forms on a weekly basis. They said that process was not followed in the past and it will be fixed moving forward.

(8) Violation of 27 CFR 478.125(c): "Failure to maintain an accurate/complete/timely acquisition and disposition record of firearms."

In response to the above violation, Licensee stated that they found examples where "Bond Arms Inc." was not marked anywhere on the firearm. IO Miller advised that some Bond Arms firearms have the manufacturer name and location marked on the barrel rather than the frame. Licensee clarified that some examples they received did not have the manufacturer's name and location marked anywhere on the firearm, including the barrel. They explained that their distribution centers are now inspecting all Bond Arms firearms before accepting them into inventory to verify that all markings are present. DIO LeDoux asked what actions Licensee has taken with any firearms that lacked the required markings. Licensee advised that it has not found any recent examples of such firearms, but that it would communicate with Bond Arms if any were found.

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The violations for which you were cited could adversely impact law enforcement's ability to reduce violent crime and protect the public. You are reminded that future violations, repeat or otherwise, could be viewed as willful and may result in the revocation of your license. You may anticipate further inspections to ensure your compliance.

Please contact us if you have any questions concerning your responsibilities as a licensee or if you require further clarification about particular requirements of Federal firearms

laws.

Sincerely,  
Judyth Ledoux  
Director Industry Operations  
Columbus Field Division