

# PROTECT THE PUBLIC

Through this strategic goal, ATF complements reducing violent crime and collecting revenue with training and prevention strategies through law enforcement, industry regulation, industry partnerships, and reducing public safety risk and consumer deception on regulated commodities.

## Strategic Goal Overview

Protect the public and prevent consumer deception in ATF's regulated commodities. This strategic goal is accomplished through three programs:

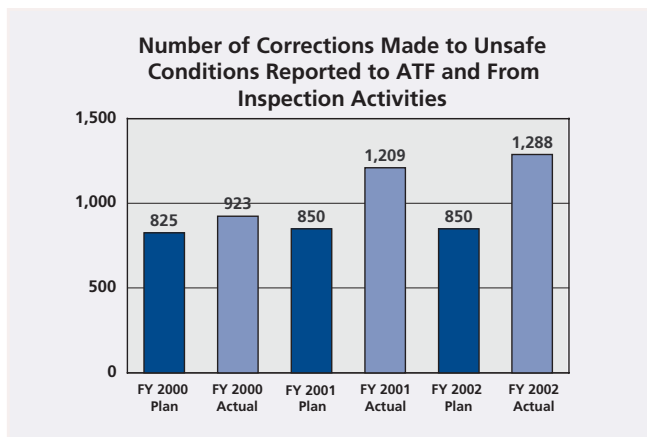
- *Ensure the Integrity of the Products, People, and Companies in the Marketplace*
- *Ensure Compliance with the Laws and Regulations through Education, Inspection, and Investigation*
- *Inform the Public*

## Strategies/Key Measures

Four performance measures are associated with the achievement of this goal:

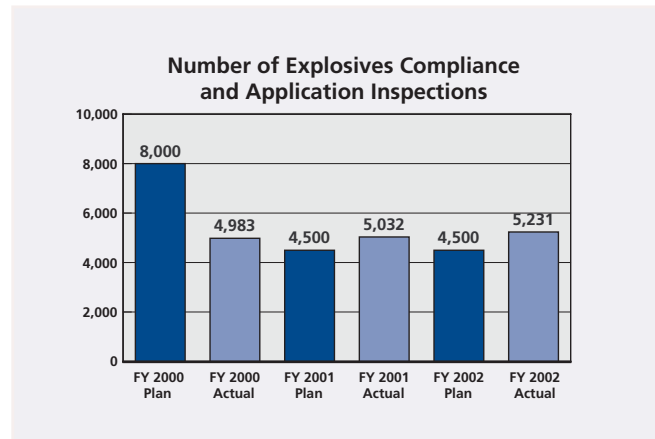
*Performance Measure: Response to unsafe conditions and product deficiencies discovered (explosives).*

This measure tracks the number of corrections made to unsafe conditions reported to ATF and from inspection activities.



*Performance Measure: Number of inspections (explosives).*

This measure tracks the number of explosives inspections performed during the fiscal year.



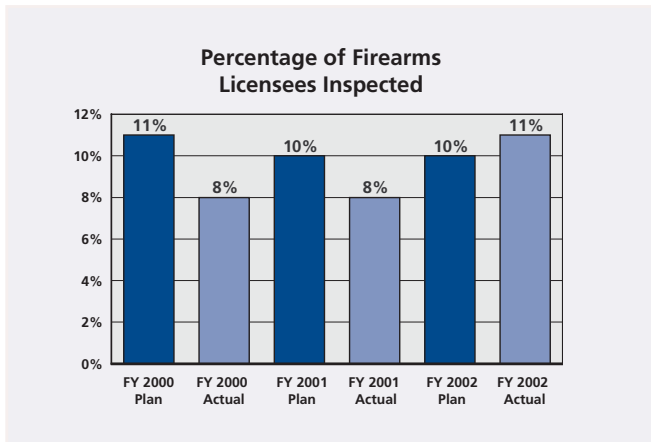
The goal established by the FEA Directorate for FY 2002 resembled that of FY 2001 for explosives inspections completed. The goal was set to perform inspections at 50 percent of the 8,717 explosives industry members licensed or permitted by ATF. This goal was established after continued losses of experienced inspectors and the subsequent requirement to hire and train new inspectors. The available resources were concentrated on those licensees or permittees with previous public safety violations or histories of noncompliance. Accordingly, the sum of explosives application inspections and explosives compliance inspections, explosives inspections from criminal enforcement referrals, and explosives-related seminars totaled 5,231.

Additionally, as a result of the September 11, 2001 terrorist attacks on the United States, ATF's responsibility to protect the public from the hazards associated with the misuse of explosives became a primary mission. To that end, ATF initiated a national program to ensure that all explosives are properly accounted for and securely stored. The program focused on: all licensees and permittees located within a 50-mile radius of major metropolitan areas; licensees and permittees who have not been inspected within the past year, regardless of location; and those licensees and permittees with previous record keeping violations and reports of thefts

or losses. Nationally, ATF performed 7,410 special inspections of Federal explosives licensees and permittees. A total of 331 licensees and permittees were cited for violations. The 331 cited had 411 violations. There were 201 referrals made to ATF criminal enforcement and other Federal, State, and/or local agencies.

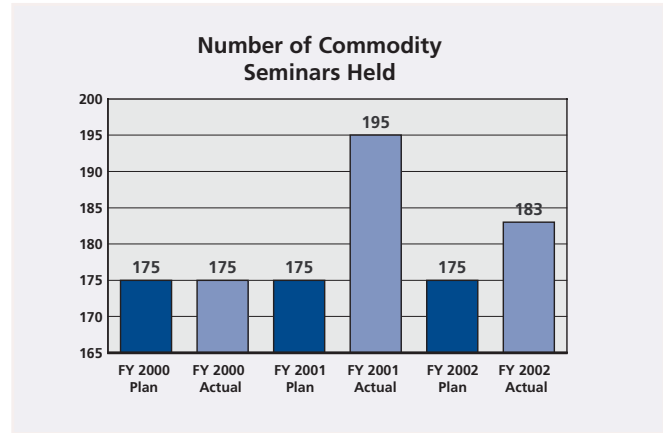
*Performance Measure: Percent of population inspected (firearms), including licensee and application inspections.*

This measure tracks the percentage of firearms licensees inspected during the fiscal year.



*Performance Measure: The number of commodity seminars held.*

This measure tracks the number of commodity seminars held during the fiscal year.



Commodity seminars are held to inform industry members, law enforcement, and the public about the laws and regulations that ATF is responsible for enforcing.

## *Program: Ensure the Integrity of the Products, People, and Companies in the Marketplace*

This program ensures that commodities meet safety and product identity standards, and keep ineligible or prohibited persons from entering the regulated industries.

### *Ensuring Alcohol Product Integrity*

ATF conducts a full range of regulatory functions in the beverage alcohol industry. The Federal Alcohol Administration Act, passed shortly after the repeal of Prohibition, coupled with the provision of the Internal Revenue Code of 1986 and the Alcoholic Beverage Labeling Act of 1988, authorizes ATF to regulate the alcohol industry and provide protection to consumers of beverage alcohol products.

Each year, through the alcohol beverage-sampling program, ATF secures samples of alcohol products from the marketplace for analysis by ATF's laboratories. ATF found noncompliance due to labeling violations, over and under proof and fill violations, improper tax class classifications, and improper designations of class and type of alcohol beverage. No products were found to be unsafe.

ATF also investigates consumer/other agency complaints regarding contaminated beverage alcohol products. In FY 2002, ATF responded to 26 consumer complaints regarding alcohol products. Complaints result from natural occurring spoilage, mold, foreign matter, crystallization due to age of product, or allergic reactions to sulfites. Based on a Memorandum of Understanding between ATF and the Food & Drug Administration (FDA), ATF works collaboratively with FDA to investigate issues related to tampering or adulteration incidents regarding alcohol products.

ATF laboratories work closely with counterparts at the FDA, State laboratories, and regulatory agencies in many foreign countries. The laboratories exchange information on existing and new analytical methods and on product contamination or adulteration issues discovered by governmental laboratories, both domestic and foreign. This level of cooperation enhances ATF's proactive stance

to ensure that contaminated or adulterated products do not reach the United States marketplace.

### *Beverage Alcohol Labeling and Advertising*

ATF is charged with protecting the consumer by preventing false or misleading claims on alcohol beverage labels and in advertising. The Bureau enforces the Government Warning Statement requirements, prohibits unbalanced and unsubstantiated health claims or misleading and deceptive claims, monitors industry advertising, and conducts investigations of suspected label fraud.

With limited exceptions, ATF issues Certificates of Label Approval for all domestic and imported beverage alcohol products bottled or packaged in the United States. ATF processed approximately 88,000 new and amended label applications during FY 2002.

During FY 2001, 14 alcohol advertisements resulted in five corrections, the denial of two advertising campaigns submitted by pre-clearance, and seven pending advertisements still in review for corrective action. ATF settled 12 labeling and advertising investigations. These investigations resulted in \$454,500 accepted offers-in-compromise for violations of the Federal Alcohol Administration Act. One permit was suspended for 45 days for numerous wine labeling violations.

### *Deny Prohibited or Ineligible Persons Entry into the Regulated Industries*

In a continuing effort to ensure that prohibited or unqualified persons do not obtain a permit, the National Revenue Center examines and verifies the information on each application and supporting documentation received for an alcohol or tobacco permit. This process includes conducting criminal history checks and making

referral of applications to ATF field divisions for inspection. In FY 2002, the National Revenue Center received 3,200 applications from persons wanting to obtain or amend alcohol or tobacco permits. The utilization of criminal history checks and field inspections resulted in 11% of applications being denied, withdrawn, or abandoned.

The applications were denied and withdrawn because of false information on the application, prohibited persons, questions on funding, history of non-compliance, and failure to meet other qualification requirements. In many cases, the applicant withdrew the application rather than have it formally denied by ATF. The abandoned applications resulted from applicants failing to provide additional information.

ATF takes a proactive stance on policing regulated industry members once they have been issued a permit, monitoring tax returns and reports, and conducting inspections to determine if the entity is conducting operations in compliance with the terms of its permit. During FY 2002, this resulted in the revocation of 17 permits. Two were alcohol fuel plant permit revocations and 15 were specially denatured alcohol user permits. All of the revocations were of alcohol wholesale or

import permits and permits issued to users of tax-free or specially denatured alcohol. The primary reason for the revocations was the industry members not conducting business authorized by the permit within the past 2 years.

The Gun Control Act of 1968 mandates that every manufacturer, importer, or dealer in firearms obtain a Federal firearms license. ATF conducts inspections of applicants for Federal firearm licenses. During these inspections, ATF inspectors explain the Federal firearm laws and regulations and determine if the applicants are bona fide candidates for licenses. Where inspection reveals conflicts with State laws and local ordinances, inspectors make referrals to the appropriate regulatory agency such as a zoning, occupancy, fire code, or law enforcement agency.

ATF recognizes the value of averting accidents and keeping explosives from the hands of those who are prohibited from possessing them. ATF enforcement provides a system of industry regulation, emphasizing a proactive approach to potential problems. Similar to the firearms industry, all manufacturers, importers, and dealers must obtain a Federal license from ATF to conduct business, and certain users of explosives are required to obtain a Federal permit.

## *Program: Ensure Compliance with Laws and Regulations through Education, Inspection, and Investigation*

Once a person or entity is licensed or obtains a permit to conduct a regulated business, ATF monitors and enforces compliance with applicable laws and regulations. Inspections of firearm licensees focus on ensuring that firearms are properly accounted for and that licensees are complying with legal and regulatory requirements. Licensees are selected for focused inspections when data from the National Tracing Center (NTC) and other information indicate that illicit trafficking may be taking place. In the explosives industry, ATF emphasizes the safe and secure storage of explosives and accountability. ATF inspectors also check on compliance with alcohol and tobacco product provisions and ensure that alcohol trade practice provisions are not violated. Education initiatives such as industry seminars are utilized in all industries.

### *Firearms Integration Technology*

The Firearms Integration Technology (FIT) system is a multi-year project to combine all of ATF's firearms IT database systems into one integrated system. FIT will combine 19 firearms software applications into a set of three integrated transaction-processing applications and one integrated firearms data warehouse for analysis and reporting. This effort will integrate applications from licensing, tracing, enforcement, and analysis. FIT goals are: reducing maintenance and support costs for firearms applications; providing easier access to ATF information by individuals and businesses; and providing a web-based tool for interacting with citizens, industry, and law

enforcement agencies. This FIT initiative will improve both internal and external customer service. External customers will experience shorter processing times and increased efficiency. Internal customers will be able to use management reports to identify process weaknesses, roadblocks, and resource needs.

FIT's strategy is in place, including architecture, design, and cost-benefit analysis. Phase 1 is underway. In late FY 2002, the interface between the automated NICS Referral System and the field's database (N-Force) was implemented; and by December 2002, the implementation of the application will be consolidated.

In January 2002, ATF demonstrated ATF's e-form 6, Application and Permit for Importation of Firearms, Ammunition and Implements of War, at the annual Shot Show. In May 2002, ATF also demonstrated e-form 6 at the Conference of the Society of Internal Affairs and received suggestions for improvements. In July 2002, as an interim measure, a fillable e-form was rolled out at the first annual Imports Conference. A disk containing e-form 6 was provided to approximately 100 participants. Imaging and indexing has been concluded and verification is ongoing.

The electronic version of the Form 6 will be implemented on ATF's web site for importers in FY 2003.

## *Federal Firearms Licenses and Inspections*

ATF is responsible for enforcing the licensing provisions of Federal firearms laws and regulations. These laws mandate that every manufacturer, importer, or dealer in firearms obtain a Federal Firearms License. The National Licensing Center (NLC) is responsible for issuing these licenses.

Through its programs, ATF Inspectors are actively engaged in curbing the illegal sale of firearms and enforcing Federal firearms laws through inspections and referrals to law enforcement. These public safety issues warrant the work of the NLC to issue firearms licenses only to those individuals who are qualified to possess them.

Once a licensee is engaged in business, inspectors ensure that licensee's compliance with Federal laws and specific record keeping regulations. ATF enforces the licensing

provisions of the Gun Control Act of 1968 by conducting on-premises inspections, including focused inspections on problem areas throughout the United States.

## *Alcohol Industry Inspections*

In addition to the beverage-sampling program, ATF inspects alcohol plants (distilleries, wineries, and breweries) to ensure that product manufacturing complies with approved formulas and processes and that products fulfill labeling and advertising claims. ATF collects samples of manufactured products that are sent to ATF Labs for analysis to ensure product compliance. ATF investigates anti-competitive business practices between alcohol beverage suppliers and retailers to preserve the retailer's economic independence and protect the consumer.

## *Alcohol Trade Issues*

While the new global economy provides new opportunities for U.S. producers of beverage alcohol products, the changing political and economic climates also produce discriminatory trade barriers that limit market access to U.S. manufacturers. ATF assists U.S. businesses in overcoming trade barriers through direct intervention with foreign governments and by supporting the United States Trade Representative in negotiations with the European Union, the World Wine Trade Group, the World Trade Organization, and various countries and/or trading blocks of countries with Free Trade Agreements.

ATF also monitors and analyzes changes in foreign trade and political policies to anticipate and overcome potential barriers to U.S. interests. In addition, ATF participates in the U.S. delegation to the Codex Alimentarius Committee on Food Additives and Contaminants and the TRIPS (Trade Related Aspects of Intellectual Property Rights) Council at the World Trade Organization.

The results of this international activity have been greater access to international markets for U.S. alcohol beverage exporters and increased acceptance of U.S. production practices by countries reluctant to approve new production techniques. For example, due to the efforts of ATF, 3,390 United States products requiring certification gained entry into foreign markets in FY 2002.

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## *Explosives Licenses/Permits and Inspections*

ATF maintains a regular program of on-site inspections to ensure that explosives are stored in approved facilities that are secure from theft and located at prescribed distances from inhabited buildings, railways, and roads. Immediate action is taken to resolve unsafe storage conditions. These inspections ensure that the licensees and permittees keep accurate records of the receipt and disposition of explosive materials that are verified through actual inventories of explosives in storage. Unusual discrepancies in records are referred immediately to the appropriate office for further investigation. Inspectors also conduct “forward trace” inquiries or field inspections on persons who purchase explosives from a licensee without the benefit of a user’s permit for “same day use with no overnight storage.”

## *Industry Seminars*

ATF conducts seminars for firearms and explosive permittees and licensees, providing current information on the laws and regulations pertaining to these commodities. Through these seminars, ATF has fostered partnerships with firearms and explosives industry members to prevent tragedies stemming from the illegal use of firearms and explosives. Seminar attendees include industry officials, licensees, permittees, and State and local law enforcement officials.

In FY 2002, ATF hosted its first Explosives Industry Executive Meeting on August 27, 2002, at ATF Headquarters in Washington, DC. Approximately 90 explosives industry representatives attended, and each was able to speak with ATF personnel from his/her region. The Environmental Protection Agency, the Department of Transportation, and the Transportation Security Agency also sent representatives.

Topics included pending explosives legislation, ATF structure and training, and the explosives tracing program.

ATF also conducts seminars for alcohol and tobacco permittees. These seminars focus on current market trends, compliance concerns, changes in laws, regulations, or Bureau policies, and industry-raised issues. In partnership with the states, ATF conducts the seminars with the state alcohol beverage control agencies to provide the total compliance enforcement picture to those in attendance. In FY 2002, ATF field divisions conducted 44 alcohol and tobacco seminars.

## *National Firearms Act*

The National Firearms Act (NFA) requires that certain firearms be registered in the National Firearms Registration and Transfer Record. Firearms requiring registration are machine guns, silencers, short-barreled rifles and shotguns, destructive devices, and certain concealable weapons classified as “any other weapons.” ATF processes all applications to make, export, transfer, transport, and register NFA firearms and notices on NFA firearms manufactured or imported. The registration information supports the field programs inspecting firearms licensees and conducting criminal investigations. The NFA Branch continually provides technical information to industry and the public.

## *Firearms and Ammunition Importation*

ATF regulates the importation of firearms, ammunition, and other defense-related articles through the issuance of import permits. It also maintains close liaison with the Department of State to ensure that the permits issued do not conflict with the foreign policy and national security interests of the United States.

## *Program: Inform the Public*

This program publicizes information on ATF policies and regulations, product safety, and theft prevention using the Internet, trade publications, seminars, and industry

meetings and works in partnership with others to inform, advise, and educate the public.



*Above: SRT Tactical Training Exercise*

*Below: Special Agents examine bullet-riddled automobile during Bullet Trajectory Training.*

