

**26 CFR 601.321: COMMERCE IN
FIREARMS AND AMMUNITION**
(Also 27 CFR 178.121)

*Recordkeeping procedures for "drop
shipments" of firearms and ammuni-
tion are prescribed.*

ATF Proc. 75-3

SECTION I. PURPOSE.

This ATF Procedure sets forth the recordkeeping procedures for "drop shipments" of firearms (other than National Firearms Act firearms as defined in section 5845(a) of Chapter 53, Title 26, U.S.C.) and ammunition between federally licensed fire-

arms dealers, importers, and manufacturers.

SEC. 2. BACKGROUND.

The Bureau has experienced difficulty in tracing firearms in instances where drop shipments have been made to third parties and where the recordkeeping procedures employed by the three parties do not lend themselves to easy and fast tracing of firearms and ammunition. For this reason, the Bureau has prescribed recordkeeping procedures for "drop shipments" as set forth below.

SEC. 3. PROCEDURES.

.01 Where licensee "A" places an order for firearms or ammunition with licensee "B" and "B" transmits the order to licensee "C" for direct shipment (drop shipment) to "A", a certified copy of the license of "A" must be forwarded to "C" prior to shipment of the order. On shipment of the order to "A", "C" shall enter in his bound record the disposition of the firearms or ammunition to "A". On receipt of the shipment by "A", he shall enter the acquisition of the firearms or ammunition in his bound record. Both licensees shall make such entries in the manner prescribed by regulations. Since the actual movement of the firearms or ammunition is between "C" and "A" and since "B" does not take physical possession of them, "B" will make no entry in his bound record. However, "B" should make appropriate entries or

notations in his commercial records to reflect the transaction.

.02 For example, where a licensed dealer orders firearms from a wholesaler and the wholesaler requests drop shipment from a manufacturer to the dealer, a certified copy of the dealer's license shall accompany the wholesaler's order to the manufacturer. The manufacturer shall enter in his bound record the disposition of the firearms to the dealer, and the dealer shall enter the acquisition of the firearms in his bound record reflecting receipt from the manufacturer. The wholesaler, although a part of the business transaction, neither acquires nor disposes of the firearms and would, therefore, enter nothing of the transaction in his bound record.

SEC. 4. NFA FIREARMS.

Transfer of National Firearms Act firearms may be accomplished only pursuant to the manner outlined in Subpart F, Part 179, Title 27, Code of Federal Regulations.

SEC. 5. INQUIRIES.

Inquiries concerning this procedure should refer to its number and be addressed to the office of the appropriate Regional Director.

27 CFR 178.121: GENERAL

Recordkeeping procedures for "drop shipments" of Title I firearms and ammunition. See ATF Proc. 75-3, above.