

PART VIII:

FFL Inventory Losses

Overview and Reporting Requirements

FFLs are subject to certain requirements when it comes to reporting thefts and losses. Specifically, Title 18 U.S.C. §923(g), states that each licensee shall report the theft or loss of a firearm from the licensee's inventory within 48 hours after the theft or loss is discovered. Licensees must report such thefts or losses by preparing ATF Form 3310.11 - Federal Firearms Licensee Firearms Inventory/Firearms in Transit Theft/Loss Report. This form must be submitted to ATF and the appropriate state/local authorities.

In 2016, ATF amended 27 CFR §478.39a to clarify that when an FFL has a loss incident involving an NFA weapon, the loss must also be reported on ATF Form 3310.11. The term “loss” refers to firearms in which the licensee has a record of acquiring the firearm into their inventory but later cannot account for the disposition of the firearm. The term “theft” refers to firearms unlawfully taken during a burglary, robbery, or larceny.

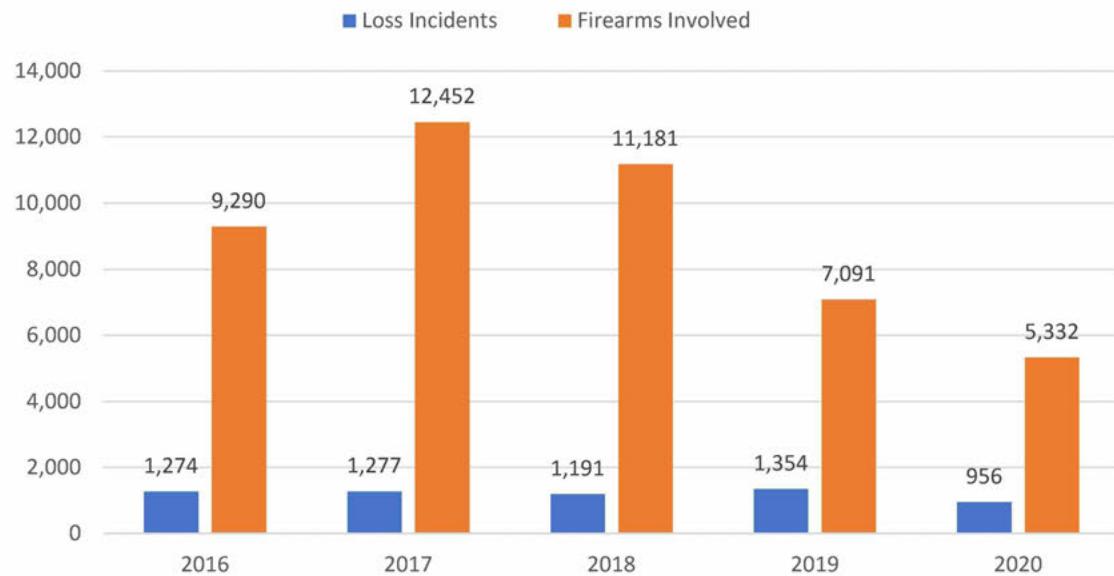
A loss is also commonly referred to as “missing” from inventory. Missing firearms are generally discovered by ATF during a compliance inspection, but they can also be discovered by the FFL during an internal audit. During an ATF compliance inspection, IOIs conduct a complete verification of all firearms currently in inventory and cross reference that inventory with the licensee’s required A&D record. If discrepancies are found, the IOI will work with the FFL to reconcile the discrepancy. If the discrepancy cannot be reconciled, and there is no indication the firearm was stolen, the FFL must report the firearm missing.

Reported FFL Losses by Year

Reported FFL inventory losses occur more frequently than all reported thefts (burglaries, robberies, and larcenies) from FFLs. Between 2016 and 2020, FFLs reported 5,766 theft incidents⁶⁵ involving 39,147 firearms. In comparison, FFL inventory losses made up nearly 51% (6,052) of the reported theft and/or loss incidents and slightly less than 54% (45,346) of the total number of firearms reported lost or stolen⁶⁶ during this same period. See Table IL-01 in Appendix IL – FFL Inventory Losses for a detailed list of reported FFL thefts and/or loss incidents and the number of firearms involved in these reports between 2016 and 2020.

As reflected in Figure IL-01, the number of loss incidents has remained relatively steady each year from 2016 (1,274) to 2019 (1,354). However, between 2019 and 2020, there was a 29% decrease in the total number of loss incidents reported in 2019 (1,354) to 2020 (956). In comparison, there has been a consistent annual decrease in the number of firearms reported missing since 2017, with a 57% drop between 2017 (12,452) and 2020 (5,332).

Figure IL-01: Reported FFL Loss Incidents and Number of Firearms Involved, 2016 – 2020 (Excludes Type 03 and Type 06 FFLs)⁶⁷



As reflected in Table IL-02, the ratio of the number of reported loss incidents per FFL has remained relatively consistent during this time with an average of one reported incident for every 72 FFLs. The highest reported incident to FFL ratio occurred in 2019 with one reported incident per 69 FFLs and the lowest ratio occurred in 2020 with one reported incident per 89 FFLs.

Table IL-02: Average Reported FFL Loss Incidents and Number of Firearms Involved to FFL Ratio, 2016 – 2020 (Excludes Type 03 and Type 06 FFLs)

Year	# of Loss Incidents	# of Firearms Involved	# of Active FFLs	Incident to FFL Ratio
2016	1,274	9,290	88,215	1:69
2017	1,277	12,452	88,085	1:69
2018	1,191	11,181	87,320	1:73
2019	1,354	7,091	86,044	1:64
2020	956	5,332	84,937	1:89
Total Average	1,210	9,069	86,920	1:72

Reported FFL Losses by FFL Type

As reflected in Table IL-03, an analysis of loss incidents and missing firearms reported by FFL type reveals that three FFL types, Type 01, 02 and 07, constitute 94% (5,714) of all incidents and 92% (42,216) of all missing firearms. Moreover, Type 01 FFLs accounted for 52% (3,154) of all loss incidents and 57% (26,099) of all missing firearms.

Table IL-03: Reported FFL Loss Incidents and Number of Firearms Involved by FFL Type, 2016 – 2020

FFL Type	# of Loss Incidents	% Total of Loss Incidents	# of Firearms Involved	% Total of Firearms Involved
01	3,154	52.1%	26,099	57.6%
02	1,259	20.8%	7,839	17.3%
07	1,301	21.5%	8,278	18.3%
08	206	3.4%	1,095	2.4%
09	9	0.1%	30	<1%
10	110	1.8%	1,939	4.3%
11	13	0.2%	66	<1%
Total	6,052	100.0%	45,346	100.0%

As reflected in Table IL-04, FFLs reported an average of 7.5 firearms missing per loss incident between 2016 and 2020. On average, Type 09 FFLs had the fewest number of missing firearms per reported incident with 3.3 firearms reported missing per incident and Type 10 FFLs had the highest number of missing firearms per reported incident with 17.6 firearms reported missing per incident. Moreover, Type 01 FFLs who account for nearly 58% of all firearms reported missing and 52% of all reported incidents during this time reported 8.3 firearms missing per incident on average.

Table IL-04: Average Number of Firearms Involved per Reported Loss Incident by FFL Type, 2016 – 2020

FFL Type	# of Loss Incidents	# of Firearms Involved	# of Firearms Involved per Incident
01	3,154	26,099	8.3
02	1,259	7,839	6.2
07	1,301	8,278	6.4
08	206	1,095	5.3
09	9	30	3.3
10	110	1,939	17.6
11	13	66	5.1
Total	6,052	45,346	7.5

As reflected in Table IL-05, from 2016 to 2020 there were an average of 86,920 active FFLs, of which only 5% (4,507) reported a loss incident. Of those reporting a loss incident, nearly 19% (843) reported multiple loss incidents.

Table IL-05: Loss Incident Report Volumes by FFL Type and Multiple Loss Report Rate, 2016 – 2020

FFL Type	Avg # FFLs 2016-2020	# of Loss Incidents Reported	FFLs Reporting at Least 1 Loss	% FFLs Reporting at Least 1 Loss	FFLs Reporting > 1 Loss	Multiple Loss Report Rate
01	61,522	3,154	2,451	4.0%	427	17.4%
02	8,638	1,259	1,008	11.7%	168	16.7%
07	14,606	1,301	933	6.4%	199	21.3%
08	1,357	206	60	4.4%	29	48.3%
09	117	9	8	6.8%	1	12.5%
10	410	110	37	9.0%	17	45.9%
11	270	13	10	3.7%	2	20.0%
Total	86,920	6,052	4,507	5.2%	843	18.7%

Reported FFL Losses by States and Territories

From 2016 to 2020, all 50 states and three territories had at least one reported FFL loss incident. See Table IL-06 in Appendix IL – FFL Inventory Losses for a detailed list of FFL loss incident data and frequency rates for each state and territory between 2016 and 2020.

Percentage of Total Reported Loss Incidents

As reflected in Table IL-06a, the top ten states with the highest number of loss incidents accounted for 46% (2,799) of all loss incidents for this period. Texas (9%) and Florida (8%) had the highest number of loss incidents between 2016 and 2020.

Table IL-06a: Top Ten States by Reported FFL Loss Incidents, 2016 – 2020

State	# of Loss Incidents	% Total of Loss Incidents
Texas	549	9.1%
Florida	463	7.7%
North Carolina	281	4.6%
Georgia	271	4.5%
Ohio	271	4.5%
Tennessee	211	3.5%
Missouri	199	3.3%
Arizona	192	3.2%
Virginia	187	3.1%
California	175	2.9%
Total	2,799	46.2%

See Table IL-06 in Appendix IL – FFL Inventory Losses for the detailed listing of reported loss incidents by state and territory between 2016 and 2020.

Frequency Rate of Reported Loss Incidents Based on State FFL Population

Based on average yearly FFL population per state⁶⁸, Maryland (30:1), New Hampshire (44:1), and Utah (45:1) had the highest frequency rate of loss incidents among its state's average FFL population from 2016 to 2020 (See Table IL-06b).

Table IL-06b: Top Ten States with the Highest Frequency Rate in FFLs Reporting Loss Incidents, 2016 – 2020

State	Avg # of Loss Incidents per Year	Avg # of Active FFLs per Year	Annual Frequency Rate (# of FFLs per Reported Loss Incident)
Maryland	26.6	786	30:1
New Hampshire	14.8	649	44:1
Utah	28.8	1,285	45:1
Florida	92.6	4,480	48:1
Georgia	54.2	2,583	48:1
South Carolina	29.8	1,486	50:1
Tennessee	42.2	2,093	50:1
Alabama	32.8	1,665	51:1
Louisiana	30.4	1,580	52:1
Mississippi	22.0	1,236	56:1

In contrast, New Jersey (176:1) Michigan (152:1), New York (134:1) had the lowest frequency rate of loss incidents among its state's average FFL population between 2016 and 2020 (See Table IL-06c).

Table IL-06c: Top Ten States with the Lowest Frequency Rate in FFLs Reporting Loss Incidents, 2016 – 2020

State	Avg # of Loss Incidents per Year	Avg # of Active FFLs per Year	Annual Frequency Rate (# of FFLs per Reported Loss Incident)
New Jersey	2.4	421	176:1
Michigan	17.8	2,702	152:1
New York	16.2	2,170	134:1
North Dakota	4.2	545	130:1
Minnesota	14.8	1,798	121:1
Wyoming	6.6	792	120:1
Iowa	13.8	1,615	117:1
Nebraska	7.6	892	117:1
Colorado	20.6	2,312	112:1
Wisconsin	17.4	1,942	112:1

See Table IL-06 in Appendix IL – FFL Inventory Losses for the detailed listing of reported loss incidents and annual frequency rates by state and territory between 2016 and 2020.

Percentage of Total Firearms Involved

When analyzing the firearms involved in the reported loss incidents, Oregon (4,053), Florida (2,765), and Texas (2,227) reported the most firearms missing from inventory (See Table IL-06d).

Table IL-06d: Top Ten States Reporting Missing Firearms, 2016 – 2020

State	# of Firearms Involved	% Total of Firearms Involved
Oregon ⁶⁹	4,053	8.9%
Florida	2,765	6.1%
Texas	2,227	4.9%
Ohio	2,157	4.8%
California	2,105	4.6%
Kentucky	1,964	4.3%
Virginia	1,763	3.9%
Connecticut	1,742	3.8%
Louisiana	1,646	3.6%
Georgia	1,392	3.1%
Total	21,814	48.1%

Firearms Reported Missing by Weapon Type

As reflected in Table IL-07a, rifles (14,171) and pistols (13,818) accounted for nearly 62% of missing firearms reported lost between 2016 and 2020.

Table IL-07a: Total Reported Missing Firearms by Weapon Type, 2016 – 2020

Weapon Type ⁷⁰	Quantity	% Total
Rifle	14,171	31.3%
Pistol	13,818	30.5%
Shotgun	5,910	13.0%
Receiver/Frame	5,500	12.1%
Revolver	4,393	9.7%
Silencer	677	1.5%
Machinegun ⁷¹	377	0.8%
Derringer	236	0.5%
Unknown Type	135	0.3%
Destructive Device	75	0.2%
Combination Gun	48	0.1%
Any Other Weapon	5	0.0%
Tear Gas Launcher	1	0.0%
Total	45,346	100.0%

See Table IL-07 in Appendix IL – FFL Inventory Losses for the detailed listing of weapon types reported missing by year between 2016 and 2020.

Recovery of Firearms Reported Missing by FFLs

An analysis of firearms reported missing that have been recovered by law enforcement reveals that 2.6% (1,210) of the total firearms reported missing (45,346) by FFLs between 2016 and 2020 have been recovered⁷². Of the 1,210 recovered firearms, 67% (820) were able to calculate a time to recovery (TTR). TTR is the total number of days between the recovery date and the date of reported loss. The reported loss date represents the date the FFL discovered and reported the loss to ATF and may or may not represent the actual date the firearm went missing from the FFLs inventory. The firearm could have been missing for several months or longer prior to being discovered during an internal inventory or ATF compliance inspection. On average, the TTR was 308 days for the 820 recovered firearms. See Table IL-08 in Appendix IL – FFL Inventory Losses for a full list of missing firearm recovery information.

As reflected in Table IL-09 in Appendix IL – FFL Inventory Losses, recovery location information was reported in 69% (836) of the 1,210 firearms recovered. Theft location data was reported on 98% (1,190) of the 1,210 incident reports involving the recovered firearms. There were 823 recoveries in which both a loss location and a recovery location could be determined for the trace. Of these recoveries, 68% (562) of the missing firearm recoveries occurred in the same state in which they were reported missing, while 32% (261) were recovered in a different state or country other than the reported loss location. Moreover, slightly more than 1% (17) of the reported missing firearm recoveries occurred in a foreign country.

ATF Response

When a firearm is reported lost by an FFL, ATF is no longer able to trace that firearm to the first unlicensed purchaser as the chain of distribution ends at the FFL reporting the loss. To reduce and prevent FFL losses, ATF has engaged in a two-prong approach: education and inspection. ATF regularly conducts educational seminars, known as industry outreach, for FFLs which focus on firearm inventory security, internal controls, and overall compliance with the GCA. Between 2016 and 2019, ATF conducted 896 industry outreach seminars. In 2020, due to COVID restrictions, ATF conducted more

than 6,000 telephonic meetings with FFLs to provide educational refreshers on the GCA requirements and answer any questions.

ATF FFL compliance inspections include conducting a 100 percent inventory verification which requires that each firearm be physically identified by serial number and matched to the corresponding FFLs A&D entry. If any discrepancies are found, ATF works with the FFL to reconcile any missing firearms. If, the firearms cannot be accounted for, ATF will assist the FFL with properly reporting the firearms missing.

The importance of conducting regular audits of their firearm inventories and maintaining accurate records is stressed to FFLs during their inspections and noted in multiple publicly available ATF publications, including ATF Publication 5380.1 - Loss Prevention for Firearms Retailers. This publication provides FFLs with recommended internal loss prevention controls, best practices for maintaining accurate inventories and associated records, and general education about firearm security and controls.

Summary

A theft or loss of a firearm from an FFLs inventory must be reported within 48 hours after the theft or loss is discovered. Reported FFL firearm losses occur more frequently than thefts of FFLs. Between 2016 and 2020, FFLs reported 5,766 theft related incidents involving 39,147 firearms, and 6,052 loss incidents involving 45,346 firearms. The data in this report is derived exclusively from FFL loss report(s); these reports do not include firearms that FFLs have reported to be involved in a theft. An analysis of FFL thefts will be part of a subsequent report.

Between 2016 and 2020, the number of loss incidents remained relatively steady. The number of firearms reported missing, however, has decreased by 57% since 2017. These decreases may, in part, reflect the work that ATF has done to prevent and reconcile missing firearms, and the cooperation it has received from industry members.

Between 2016 and 2020, on average, 7.5 firearms were reported missing per loss incident, of which pistols and rifles accounted for 61% of the missing firearms. Type 01, 02 and 07 FFLs constituted 94% of all loss incidents and 93% of all missing firearms. Based on the average number of active FFLs, regardless of FFL type, only 5% of FFLs reported a loss incident. Of the 5% of FFLs that reported a loss incident, nearly 19% reported multiple loss incidents.