



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Washington, DC 20226

www.atf.gov

June 24, 2014

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Mr. Will Harvey, CEO
Finale, Inc.
165 Hawthorne Avenue
Palo Alto, California 94301

Dear Mr. Harvey:

This is in response to your letter dated May 27, 2014, to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). Finale, Inc., (Finale) is requesting that ATF determine if its computerized recordkeeping system is in compliance with the explosives regulations at 27 CFR, Part 555, Subpart G—Records and Reports. Finale provided ATF with sample records from its computer system (Finale | Fireworks™).

ATF Ruling 2007-1 granted authorization for explosives licensees and permittees to use computerized records pursuant to the following conditions:

1. Your computer system must record all data in a database that no one can edit or modify later. The software system must retain any correction of errors as an entirely new entry, without deleting or modifying the original entry. The system may allow for entries in a notes column to explain any correction.
2. The system must have a reliable daily memory backup capability to protect the data from accidental deletion or other system failure.
3. The required information for a particular transaction must be fully contained in the same recordkeeping medium (e.g. paper documents or computer program).

According to your correspondence with ATF Program Manager Mike O'Lena, Finale specifically designed the Finale | Fireworks™ computerized recordkeeping system for the fireworks industry. Since Amazon Web Services's data center hosts the cloud-based system, a user can access it using any web browser. Amazon Web Services maintains the primary data center, Finale administers the database, and users do not have the administrative rights to make

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changes to the database. Amazon Web Services's data center backs up the system upon data entry, and Finale backs up the data on a daily basis at an offsite data center. Finale can restore the full database at any time. Users can export the data to their own hard drive and print specified information to pre-designed reports.

System users, correcting a previous transaction, must edit database entries by making a new "stock change" entry that allows users to record information in a note explaining the edit. The system retains the original entry and creates a separate entry reflecting the change. The system also generates a report (i.e. Variances due to stock changes or takes) of all stock changes that users can query by individual magazine. Users lack the authorization to edit a committed shipment. Users can delete an entire shipment, but the system permanently records the transaction in the database. ATF recommends that users make a notation in the computer record that details why they deleted the shipment. Users can also query the system by individual categories of fireworks or individual magazines and create packaged firework shows.

Daily Summary of Magazine Transactions (DSMT)

The regulation at 27 CFR 555.127 states, in part, that, "Not later than the close of the next business day, each licensee and permittee shall record by manufacturer's name or brand name, the total quantity received in and removed from each magazine during the day, and the total remaining on hand at the end of the day. Quantity entries for display fireworks may be expressed as the number and size of individual display fireworks in a finished state or as the number of packaged display segments or packaged displays. Information as to the number and size of display fireworks contained in any one packaged display segment or packaged display shall be provided to any ATF officer on request."

The Finale | Fireworks™ system maintains a separate DSMT for each explosives storage magazine, and users can customize it to display a variety of information. According to the sample records, the computer system tracks, in part: the date of transaction, the name of manufacturer, size of display firework (e.g. 3 inch), quantity received into and removed from each magazine, and the remaining balance on hand. Users can track full cases of fireworks and individual units in the DSMT, which are segregated within the record. Users enter fireworks packaged shows into the DSMT by the number of boxes in the show and can provide a separate document to ATF with the name of manufacturer, size, and quantity of the fireworks within the packaged show.

Acquisition, Disposition, & Use Records

The regulations at 27 CFR §§555.122, 555.123, 555.124, and 555.125, require explosives licensees and permittees to record prescribed information in separate records of acquisition, disposition, and use. The information required for each type of licensee or permittee (e.g. manufacturer, user) varies depending on the specific type of license or permit.

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Finale created separate acquisition and disposition reports specific to the users' type of ATF explosives license or permit that contains the prescribed categories of information. For instance, acquisition reports for importers include date of importation or acquisition, name and country of manufacturer, marks of identification, size and description (e.g. 3 inch shells), and quantity. The report also includes an order number that users can use to obtain additional information from a particular acquisition or disposition.

Determination

The Finale | Fireworks™ system does not allow users to edit transactions, and they must make separate entries for corrections to previous entries. The system also backs up information within the database upon entry and daily to a separate computer. Users can print ATF-required reports and sufficiently query the history of all fireworks entered into the system.

After careful consideration, we have determined that Finale's Finale | Fireworks™ computerized recordkeeping system complies with the requirements in 27 CFR 555, Subpart G – Records and Reports and ATF Ruling 2007-1 and users are not required to obtain separate variance approval, provided they record all the required information within the database.

Keep in mind that the system must be capable of printing records in a format that contains all the required information and users must make all records readily available to ATF officers upon request for examination during a regulatory inspection or criminal investigation.

We trust the foregoing has been responsive to your request. If you have additional questions, please contact the Explosives Industry Programs Branch at 202-648-7120.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Valentina Close", with a horizontal line extending to the right.

Valentina Close
Acting Chief, Explosives Industry
Programs Branch