

THE WHITE HOUSE
WASHINGTON

File
Crime -
Feds Firearms
Licensing

DATE: 12/23/93



TO: DAVID GERGEN
GEORGE STEPHANOPOULOS
BRUCE REED
MARK GEARAN
DEE DEE MYERS

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.





DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

December 22 1993 DEC 22 P7:34

MEMORANDUM FOR THE PRESIDENT

FROM: Lloyd Bentsen *L.B.*
SUBJECT: Progress Report on Gun Dealer Licensing

This memorandum is in response to your directive addressing the subject of gun dealer licensing. Your memorandum directed the Department of the Treasury and the Bureau of Alcohol, Tobacco and Firearms (ATF) to take whatever steps necessary, to the extent permitted by law, to ensure compliance with the present licensing requirements of the Gun Control Act of 1968. Additionally, you directed me to report progress on the implementation of these initiatives within 90 days and annually thereafter.

Subsequent to my receipt of your memorandum, I directed ATF to develop a course of action addressing each of the strategies which you enumerated and to periodically report to me their progress. Attached is ATF's original proposal to implement your firearms initiatives, and the initial progress report on the implementation of their proposal.

These initiatives are already having a measurable impact on the Federal firearms licensing system. For the first time in years, the total population of Federal firearms licensees has actually decreased. While the numbers remain unacceptably high, we are confident that when all of these initiatives are implemented, we will continue to see a decrease in the Federal firearms licensee population. These initiatives will ensure that only those persons who have a reasonable expectation of engaging in a firearms business will be issued a Federal firearms license.

Attachments

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS



PROGRESS REPORT ON IMPLEMENTING THE PRESIDENT'S DIRECTIVE ON GUN DEALER LICENSING



Recently, the President issued a memorandum to the Secretary of the Treasury stating that the Secretary will direct the Bureau of Alcohol, Tobacco and Firearms (ATF) to take whatever steps are necessary, to the extent permitted by law, to ensure compliance with present firearms licensing requirements. The memorandum listed a series of specific initiatives that should be addressed and directed the Secretary to report progress on the implementation of the initiatives within 90 days and annually thereafter.

The following is a synopsis, as of October 31, 1993, of the actions that have been implemented or are in the process of being implemented.

- The Firearms and Explosives Licensing Center (FELC) has begun conducting computer queries with State departments of motor vehicles to verify the drivers license numbers of all applicants for a Federal firearms license (FFL). This will enhance our ability to accurately identify applicants for an FFL.
- The FELC has implemented the use of an automated address verification system (CODE 1) which will allow ATF to identify applications for an FFL that use non-existent addresses for proposed business premises.
- Application for firearms license, ATF Form 7, is currently being modified to require additional information, including fingerprints, photographs, past places of residence, diagrams of proposed premises, zoning requirements, lease agreements and any restrictive covenants. The modified form is presently in review. It is anticipated that the target date of 12/31/93 for completion of the redesign will be met.
- ATF will require the submission of the redesigned Form 7 for all FFL renewals until all licensees have provided ATF with the information required by the revised Form 7.

- **ATF is in the process of modifying ATF F-8, Renewal of Firearms License. The new form will be completed by 12/31/93.**
- **A separate application and license for collector of curios and relics have been developed. The application and license will make it clear that the license may not be used to deal in firearms.**
- **A liaison program with various State/local regulatory and enforcement agencies has been established. Each Compliance area office has established contact with the various licensing, revenue, and local law enforcement offices within their jurisdiction to enhance our efforts in ensuring compliance with the Gun Control Act of 1968.**
- **Liaison with State and local agencies will be maintained to assist in verifying that an applicant for a license has the requisite business premises.**
 - **ATF has initiated and maintained working relationships with numerous State/local enforcement and regulatory agencies. A Memorandum of Understanding (MOU) has been drafted to aid in the reduction of firearms licensing and trafficking problems and is being transmitted to the participating governors along the Eastern seaboard for signature.**
- **ATF has developed a program with a goal of conducting full field investigations of all FFL renewal applications located in designated high crime areas, to ensure compliance with licensing requirements.**
- **Proposals have been submitted to the Bureau of Justice Assistance to secure grants to State and local agencies to assist ATF in investigating applicants for an FFL.**

Tuesday, Jan. 4, 1993

PAUL SIMON

CONTACT: David Carle
Christopher Ryan
202-224-7115
202-224-7023

U.S. SENATOR

ILLINOIS

Simon Backs Bentsen's Gun Dealer License Plan

The leader of congressional efforts to reform gun dealer licensing laws Tuesday endorsed Treasury Secretary Lloyd Bentsen's proposals, announced today, to raise the gun dealer license fee to \$600 and to support seven reforms Simon included in the Senate-passed crime bill.

"Secretary Bentsen pledges that the Administration will put its full weight behind changes that add up to the most sweeping gun dealer licensing reforms in history," said Sen. Paul Simon, D-Ill. "This adds to our chances of coming out of conference with a crime bill that keeps these reforms intact, and this will help us raise the gun dealer license fee to a reasonable level.

"Federal gun dealer licensing laws generally have been written to make gun dealing as easy as possible, not to protect the public interest," Simon continued. "The result is a land-office business in gun dealerships that has made enforcing current laws almost impossible. Some dealers have become a weak link in the chain of laws intended to keep guns out of the hands of criminals. Today, getting a gun dealer's license is often easier than getting a driver's license.

"What we propose are 'supply side' reforms that put common sense and public protection in the process of licensing gun dealers. These changes would make the federal government a partner with, instead of an adversary of, communities and states that are trying to get a handle on gun proliferation."

Simon's reforms, passed by the Senate on Nov. 19 as part of the crime package, would: 1) require gun dealers to comply with local and state laws in order to qualify for federal licenses; 2) provide licensee information to state and local law enforcement agencies; 3) allow the Bureau of Alcohol, Tobacco and Firearms (ATF) 60 days, instead of the current 45 days, to act on license applications; 4) require gun dealers to report the theft or loss of firearms to ATF within 48 hours; 5) require gun dealers to respond to ATF gun tracing requests within 24 hours; 6) require gun dealers to file fingerprints and photographs with their license applications; 7) allow ATF to inspect a licensee's records on a firearm used in a crime when that firearm is traced to that licensee.

Simon also has proposed raising gun dealer license fees -- currently \$30 for a three-year license -- to a level that would permit adequate ATF enforcement and eliminate taxpayer subsidies for the license program, a step endorsed today by Bentsen and supported earlier in Vice President Gore's plan for "Reinventing Government." Both Bentsen and Gore propose raising the fee to \$600 a year, a level endorsed today by Simon.

(These seven Simon gun dealer licensing reforms passed the Senate on Nov. 19, 1993, as part of the Senate version of the Crime Bill)

GUN DEALER LICENSING REFORM AMENDMENT

Proposed by Senator Paul Simon

1. Require that gun dealer applicants be in compliance with State and local laws, and that they certify that they are in compliance with such laws before a Federal license is issued.

This provision would strengthen the licensing provisions of the Gun Control Act by requiring, as a prerequisite to the issuance of a new license, that the business to be conducted is not prohibited by any state or local law applicable in the jurisdiction where the applicant's premises are located. Under current law, even if ATF knows a dealer will not be in compliance with state and local law, a license must still be issued.

2. Require the ATF to distribute a list of Federal licensees to the appropriate State or local law enforcement agency.

This provision can help to ensure that licensees are indeed operating in compliance with state and local laws. The provision can also help to encourage cooperation between law enforcement and law-abiding gun dealers.

3. Allow ATF 60 days, rather than the present forty-five days, to act on an application for a Federal firearms license.

Current law requires the Secretary of the Treasury to approve or deny applications for federal firearms licenses within 45 days of receipt of such applications. If action is not taken within such period, an applicant may seek mandamus to compel the Secretary to act. The 45-day period has proven to be unrealistic since the time needed to conduct a thorough background check of an applicant and to determine whether the applicant meets all of the eligibility requirements may well take longer than 45 days. In order to ensure that licenses are only issued to qualified applicants, our amendment would expand the 45-day review period to 60 days.

4. Require licensees to report the theft or loss of firearms to the Bureau within 48 hours of the theft or loss.

Under current law, ATF has the responsibility to enforce 18 U.S.C. § 922(j) which makes it unlawful to receive, conceal, store, or dispose of any stolen firearm. There is not, however, a requirement for licensees to report the theft or loss of firearms to ATF. Our amendment would require theft and loss reports which will enable ATF to make more timely investigations of violations of the statute.

5. Require licensees to respond to requests for information by the Secretary within 24 hours of receiving the request.

Effective gun tracing often necessitates that licensees submit information on firearm sales by phone. While most licensees cooperate with ATF's phone requests, some

licensees have refused to respond to such requests. Our bill would resolve the problem by requiring licensees to provide trace information by telephone.

6. Require that applicants for a federal firearms license submit fingerprints and a photograph with their application.

Current law requires individuals to whom National Firearms Act weapons (e.g. machine guns) are transferred to be identified by photographs and fingerprints to ensure that the weapons may be lawfully received and possessed. Ironically, there is no similar requirement for individuals engaged in the business of selling such weapons. This legislation would impose such a requirement on individuals doing business in these types of weapons, as well as all other firearm dealers prior to licensing.

7. Allow the Secretary of the Treasury to inspect a licensee's records pertaining to a firearm used in a crime when that firearm is traced back to that licensee.

When crime weapons are traced back to a gun dealer, it may simply be bad luck, or it might be more serious: it may signal problems with the gun dealer's record keeping, inadequate security precautions, or even criminal behavior. In any case, shouldn't ATF be allowed to make a determination? If the problem is simply poor record keeping or inadequate security, an ATF officer conducting an on-site record-keeping investigation can help to correct the problem and educate the licensee. If criminal behavior motivated the sale, ATF can take the necessary steps to stop the flow of the dealer's inventory to criminals. This provision gives the ATF the discretion to conduct an inspection relating to the particular gun that has been traced to a particular dealer.

WHY DO WE NEED THIS AMENDMENT?

THE FACTS ON GUNS

- Over the past two years, firearms have killed 60,000 Americans, more than the number of U.S. soldiers killed in the Vietnam War (Atlantic Monthly, January 1993).
- The National Center for Health Statistics reported this year that firearms are now involved in one of every four deaths among persons age 15 to 24. In 1990, guns involved in homicides, suicides or accidents caused the deaths of nearly 4,200 teenagers.
- For 11-year-old Jessica Bradford of Washington, D.C., these numbers are more than just statistics. In a November 1st Washington Post article, she was quoted as saying: "most 11-year-olds think about their funerals." She said she has known ever since the fifth grade that "if she gets shot before her sixth-grade prom, she wants to be buried in her prom dress."
- A January 1993 Atlantic Monthly article noted that: "Handguns terrorize more than they kill: Department of Justice statistics also show that every twenty-four hours handgun-wielding assailants rape thirty-three women, rob 575 people, and assault another 1,116".
- In 1991, in Chicago the number of firearm-related deaths was 927. In the first 11 months of 1992, there were 13,751 non-fatal shootings - an all time record for Chicago.
- In contrast, a Chicago Tribune story noted that "Toronto, which like Chicago has 3 million residents and tough handgun laws, noted only 17 firearm deaths in 1991."
- ATF estimates that there are potentially 200 million firearms in civilian hands - with nearly 4 million new firearms added each year.

THE FACTS ON DEALERS

- Hard as it is to believe with all this violence, the number of dealers in this country has increased by 112,000 since 1980 to a total of over 286,000. That means there is 1 firearm dealer for every 1,000 Americans,

or 1 dealer for approximately every 290 firearm owners (ATF). The Violence Policy center put it into perspective when they noted that **there are more gun dealers in our country than there are gas stations.**

- There are 9,182 federally licensed firearm dealers in Illinois alone.
- While the number of dealers has increased by 59% since 1980, the number of investigators assigned to inspect these dealers has decreased by 13%.
- In 1991, ATF issued 270 licenses a day, for a grand total of 91,000 new and renewed licenses that year. Only 37 of the 34,000 requests for new licenses that year were denied (Washington Post). Amazingly, fewer than 10% of dealer applicants undergo an actual inspection in the form of a personal interview or on-site visit (Violence Policy Center).
- The importance of an initial inspection should not be overlooked. In New York this spring, where the ATF was able to go visit dealer applicants in conjunction with the local police department, many potential gun dealers dropped out of the application process. The New York program was not continue indefinitely, however, because resources are scarce.
- Bureau spokesman Jack Killorin noted: "There is no question that illegal activity by [dealers] is a threat to the community. The volume of licenses has outstripped our ability to keep up." (Washington Post, December 12, 1992)
- ATF estimates that only about 20% of all federally licensed dealers are actually storefront operations (Violence Policy Center).
- ATF estimates that a majority of these "kitchen-table" dealers acquire a license for the purpose of buying guns in bulk at special prices and in order to skirt state and local laws, such as waiting periods and other restrictions. For example, an individual with a federal firearms license will not have to comply with the provisions of the Brady bill.
- **MANY ARGUE THAT CRIMINALS DON'T BUY GUNS THROUGH LEGITIMATE DEALERS. THE FACTS ARE CLEAR: CRIMINALS DO BUY GUNS FROM FEDERALLY LICENSED DEALERS. OFTEN, WHEN THE DEALERS ARE UNSCRUPULOUS, THE DAMAGE CAN BE EXTENSIVE:**
 - For every month James Board, a federally licensed dealer in

Hammond, Indiana, was in business, he illegally sold at least 100 guns a month from a converted den in his home, including 800 low-caliber, semi-automatic pistols during one nine-month period. So far, at least 60 of Board's guns "have been confiscated by Chicago police from murder suspects, drug dealers and gang members," (Chicago Tribune).

● More than a dozen federally licensed dealers in Detroit alone have been charged with providing more than 2,000 firearms to criminals in the city (Washington Post).

● "During a six-month period in 1990, Gustavo Salazar, a [federally licensed gun dealer] in Los Angeles purchased more than 1,500 guns and sold them to gang members and other individuals. An ATF check on 1,165 handguns sold by Salazar revealed that only four had been registered under California law." [Violence Policy Center]

● From February to June in 1990, Detroit kitchen-table dealer McClinton Thomas ordered hundreds of handguns. All of the guns were sold off the books, including 90 guns to a "big-time dope dealer". [Violence Policy Center]

● A firearms dealer in North Carolina provided between 6,000 and 10,000 handguns to the black market after altering the serial numbers of the handguns. Several of the firearms have been recovered from convicted felons, drug dealers, and a firearms trafficker in New York City involved with Pakistan Nationals. [ATF testimony]

● **MANY SUGGEST THAT ANY CHANGES IN THE GUN DEALER LAWS WILL NOT AFFECT CRIME.** But change is possible. Removing the present loopholes in the law and providing ATF with the enhanced capabilities encompassed in my amendment could have prevented the criminal abuses I just described.

FOR EXAMPLE:

● The Chicago tribune recently reported that when ATF and local officials began a special cooperative investigation in the Chicago area, they found that 197 of the 212 federally licensed gun dealers in the area were

operating in violation of state and local laws. These 197 dealers would have never been issued a license in the first place if ATF had the authority to deny a license to those applicants not in compliance with state and local laws!

- As I noted earlier, when ATF and the New York City police went for on-site inspections of potential applicants, a significant number of the applicants terminated their application.

- In Pueblo, Colorado, ATF agents again worked hand-in-hand with the local law enforcement and regulatory agencies. A total of 165 gun dealers were inspected. Of those inspected, 60 dealers surrendered their licenses. The 65 remaining licensees are in strict compliance with all federal, state and local laws.

THE AMENDMENT HAS THE SUPPORT OF:

THE POLICE:

- ATF
- Fraternal Order of Police
- International Association of Chiefs of Police
- International Brotherhood of Police Officers
- National Association of Police Organizations
- Federal Law Enforcement Officers Association

THE LEGITIMATE GUN DEALERS:

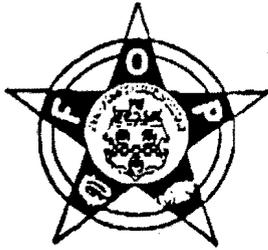
- The National Alliance of Stocking Gun Dealers, which represents the store-front gun dealerships

THE MEDICAL COMMUNITY:

- The American Academy of Pediatrics

DANGERS OF LICENSED GUN DEALERS

- Josh Lee, a federally licensed dealer in Orange County, California, supplied guns to the **Fourth Reich Skinheads**, who were plotting to kill Rodney King and blow up the First African Methodist Episcopal Church in Los Angeles. ATF spokesman Jack Killorin opined: "**If . . . you want to put down on your application 'American Nazi Gun Shop,' we have no ability under the law to shut you down.**" [Los Angeles Times]
- During a six-month period in 1990, Gustavo Salazar, a federally licensed gun dealer in Los Angeles, purchased more than **1,500 guns** which he sold to **gang members** and other individuals. An ATF check on 1,165 of these handguns showed that only four had been registered under California law. [Violence Policy Center]
- 22-year old gun dealer Sam Miller, a **convicted drug dealer and felon**, sold guns, including at least ten high-powered semiautomatic pistols, to teen-age members of **Boston's inner-city gangs**. Yet Miller's convictions were not forwarded to the FBI's National Crime Information Center; thus nothing on the computer suggested that he was a felon. [Boston Globe]
- More than a dozen federally licensed dealers in **Detroit** have been charged with providing more than **2,000 firearms** to criminals in the city. [Violence Policy Center]
- Carroll Landis Brown, a federally licensed dealer in **Baltimore**, sold more than **300 handguns**, fewer than half of which were properly recorded, and at least 14 of which have turned up at Baltimore crime scenes. Brown took out **classified ads** in the Baltimore Sun, advertising the semiautomatic pistols. [Washington Post]
- Federal firearms licensee David Taylor, a Bronx man with a long record of misdemeanors and an indictment for murder at the age of 16, ordered more than 500 guns from Ohio, which he sold to **New York City drug dealers**. [New York Times]
- James Boyd, a gun dealer and Los Angeles County sheriff's reserve deputy, falsified firearms forms and sold handguns to a citizen of the **Philippines** who smuggled the weapons out of the country in microwave ovens. Boyd worked with Willie Harris, a convicted felon, who allegedly sold weapons to **Los Angeles gang members**. [Los Angeles Times]
- From February to June in 1990, Detroit "kitchen table" dealer McClinton Thomas ordered **hundreds of handguns**, and sold them off the books, including 90 guns to a "big-time dope dealer." [Violence Policy Center]
- A firearms dealer in Texas falsified his records to conceal the diversion of over **2,000 firearms to a Mexican national** who is a major firearms trafficker. [ATF testimony]
- A firearms dealer in North Carolina provided between 6,000 and 10,000 handguns to the black market after **altering the serial numbers of the handguns**. Several of the firearms have been recovered from convicted felons, drug dealers, and a firearms trafficker in New York City involved with **Pakistan Nationals**. [ATF testimony]
- Two Miami gun dealers sold machine guns to operatives of the **Medellin cocaine cartel**, and an Ohio dealer shipped weapons to the **Irish Republican Army**. [Washington Post]



DEWEY R. STOKES
NATIONAL PRESIDENT

GRAND LODGE
FRATERNAL ORDER OF POLICE

NATIONAL PRESIDENT • 520 SOUTH HIGH STREET • COLUMBUS, OHIO 43215-5605
(614) 221-0180

July 26, 1993

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

According to information we have received from the Bureau of Alcohol, Tobacco and Firearms (ATF), there are currently in excess of 280,000 licensed firearms dealers in the United States. The primary reason for this excessive number of persons licensed to deal in firearms is the low fee currently contained in the Gun Control Act.

As you are aware, the current fee for a Federal Firearms License (FFL) is a mere \$10 annually. My organization encourages and supports the imposition of an annual user fee in the range of \$375 to \$500.

At the current rate, the American taxpayer is subsidizing the issuance of firearms licenses to an abundance of individuals who are, at best, minimally engaged in activities requiring a license. A recent study conducted by ATF showed that 74% of the licensed dealers are operating from their residences. Only 13% of the dealers bought or sold more than 50 firearms in a year. The cost of processing an application and issuing a license for dealers who engage in these minimal activities far exceeds the current \$10 fee.

There are approximately 220 ATF inspectors who conduct application and compliance inspections on the 280,000 dealers. It is apparent that at the current staffing level, ATF cannot inspect all firearms dealers to ensure their compliance with laws. Obviously, the volume of dealers would decrease dramatically with an increase in the fee to \$375-\$500 annually, thereby making the number of dealers more manageable to ATF.

In order to support ATF's firearms program in conducting application and compliance inspections on firearms dealers, the \$375-\$500 annual user fees for FFLs should go directly to ATF. This enhanced funding would enable ATF to hire additional inspectors to ensure that no new or renewal FFLs are issued without contact made by ATF inspectors, which is essential to ensure the legality and integrity of all firearms dealer operations.

Honorable Paul Simon

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July 26, 1993

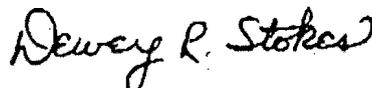
ATF has initiated several firearms programs to target those firearms dealers that are either illegally trafficking in firearms or the sources of firearms purchased by criminals. However, neither ATF nor state or local law enforcement agencies have the resources to inspect and locate all dealers operating outside the law. Recently, a firearms dealer operating from his residence in Tinley Park, Illinois, was the subject of numerous complaints from his neighbors for firing weapons in the area. When local police investigated the complaints, the dealer refused entry to the police and threatened to kill them if they attempted entry. Although the dealer had an extensive arrest record, there were no convictions that would prohibit issuance of an FFL. Additionally, local ordinances did not prohibit operating a firearms business from a residence. Although ATF is taking action in this matter, this instance serves as an example of a dealer who may not have been inspected, except for the referral from local authorities that arose from citizen complaints.

In summary, we strongly support an imposition of an annual user fee in the range of \$375 to \$500 for issuance of Federal Firearms Licenses for the following reasons:

- The U.S. taxpayer should not be subsidizing the cost of establishing and maintaining firearms businesses.
- A \$375-\$500 annual user fee would reduce the current number of licensees (280,000) to an estimated 40,000 to 70,000.
- By directing the funds resulting from the \$375-\$500 user fee to ATF, all new and renewal FFL applicants would be inspected to ensure compliance with the law.
- Since a \$375-\$500 user fee would virtually eliminate dealers operating from their residences, it would support the efforts of local law enforcement and zoning officials in enforcement of their laws.
- The increased fee will not affect firearms dealers that engage in the business as a primary source of income. In fact, these dealers would benefit from the reduced competition they are experiencing from people who are mere hobbyists, but licensed as dealers.

If you wish to discuss this matter in more detail, please call me at (614) 221-0180.

Sincerely,



Dewey R. Stokes
National President



INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS

2011 Crystal Drive, Suite 206 Arlington, VA..22202

703/979-0290

Fax 703/979-0294

AFL/CIO



July 26, 1993

**Honorable Paul Simon
United States Senate
Washington, DC 20510**

Dear Senator Simon:

The International Brotherhood of Police Officers encourages and supports the imposition of an annual user fee in the range of \$375 to \$500 for issuance of Federal Firearm Licenses (FFL).

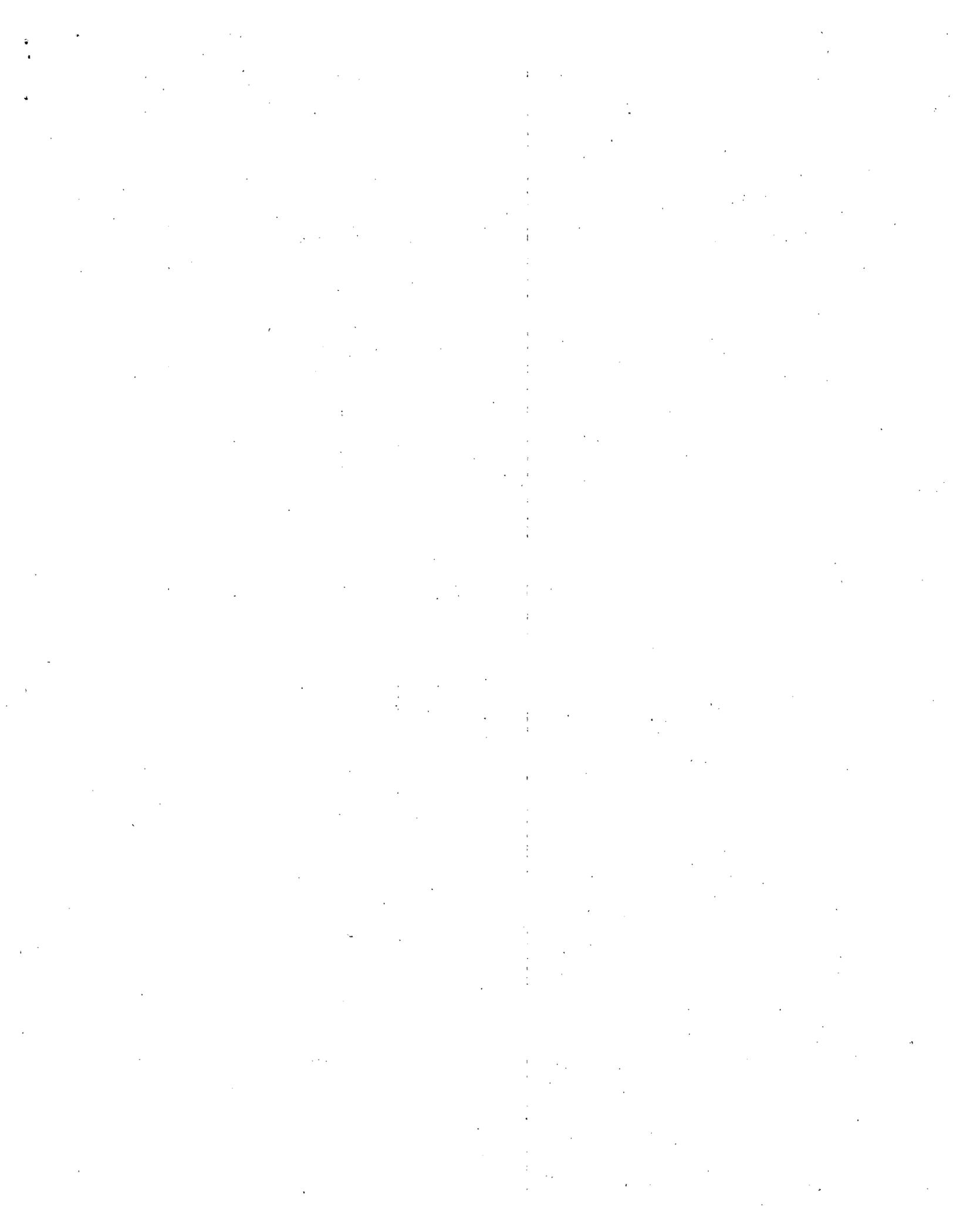
At the annual rate of only \$10 that is currently imposed by the Gun Control Act, the number of licensed dealers is approximately 280,000. From a law enforcement perspective, this volume of licensed dealers is not only excessive, but is problematic in our effort to control crime. Additionally, with the current inspector staffing level for the Bureau of Alcohol, Tobacco and Firearms (ATF), their approximate 220 inspectors who conduct inspections of dealers cannot ensure that all 280,000 dealers are operating within the law.

According to a recent study conducted by the ATF, the vast majority of firearms dealers operate from their residences in quantities that indicate they have no intention of engaging in the business for support or livelihood. These dealers are merely operating as hobbyists.

There are several reasons for our support of an annual user fee in the range of \$375 to \$500, including:

*** At the current \$10 rate, the American taxpayer is subsidizing the issuance of Federal Firearms Licenses. Obviously, the cost of processing, issuing and maintaining firearms licenses far exceeds the current rate.**

*** ATF currently has approximately 220 inspectors dedicated to the firearms program. A fee of \$375 to \$500 would reduce the number of licensees to approximately 50,000. By directing the funds generated from the \$375 - \$500 user fee to ATF, all firearms dealers could be inspected.**



Senator Paul Simon
July 26, 1993
Page Two

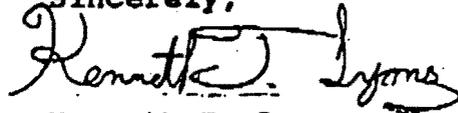
* Local law enforcement and zoning officials would be supported in their efforts to control the proliferation of dealers that do not meet state and local licensing and zoning requirements. Dealers currently operating from their residences would be greatly reduced, if not eliminated.

* A vast majority of firearms dealers who derive their primary source of income from their firearms business are opposed to the current \$10 annual fee. A \$375 to \$500 user fee would discourage the abundance of hobbyists who negatively affect the operations and livelihoods of storefront-type dealers.

To summarize, we strongly encourage and support imposition of an annual user fee in the range of \$375 to \$500 for Federal Firearms Licensees, and the direction of the resultant funds to ATF for additional staffing to ensure the integrity and legality of all firearms dealers.

If you want to discuss this matter further, please feel free to call me at (703) 979-0290.

Sincerely,



Kenneth T. Lyons
National President

DAILY CHRONICLE

DEKALB. IL

PUBL. DAILY

CIRC. DAILY - 13,157

SUN. - 15,382

MAR 4, 1993

Simon pushing for tighter rules on federally licensed gun dealers

130 By Tom Strong
Associated Press Writer

WASHINGTON (AP) — Tighter rules for federally licensed firearms dealers could lead to fewer violent crimes and safer streets, Sen. Paul Simon says.

"It is as easy to get a gun license today as it is to get a driver's license," the Illinois Democrat said at a news conference Wednesday.

Simon and two other senators proposed stricter regulation of dealers as a way to make it harder to buy and sell weapons.

Some dealers would face a 75-fold increase in annual license fees, while authorities would have more time to investigate license applicants, according to the package sponsored by Simon.

Another proposal would make it illegal for a dealer to sell guns or ammunition if the dealer has "reasonable cause" to believe the goods would be used in a violent crime.

"The message from this legislation to the gun dealer is: When in doubt, don't sell," Simon said. Joining him were Democratic Sens. Frank Lautenberg of New Jersey and Dianne Feinstein of California,

and Rep. Luis Gutierrez, D-Ill.

The higher fees and other enforcement provisions could cut the number of federally licensed dealers from 275,000 to about 50,000, they said. That could mean fewer guns in circulation and a drop in violent crime, the lawmakers said.

"This bill is a common sense measure to help stop the flow of firearms to America's streets," Lautenberg said.

"I think you will have fewer shady, fly-by-night operators who are willing to sell to people who shouldn't be having guns in our society," Simon added.

Democratic Rep. Charles Schumer, a leading gun control proponent from New York, said he intends to introduce similar legislation in the House.

The National Rifle Association supports tougher licensing rules and predicts changes could come this year, but does not believe Simon's measures will survive, said Dave Gibbons, director of federal affairs.

The Senate package proposes:

—Raising the annual license fee to \$750. It is now \$50 for pawnbrokers who deal in firearms and \$10 for all other dealers. The

extra money would pay for the higher costs of processing and investigating license applications and renewals.

—Eliminating the requirement that a dealer application be approved or denied with 45 days. That would give investigators more time to review a potential dealer.

—Requiring compliance with state and local laws before a dealer can get a license.

—Requiring license holders to report weapons theft or loss to the Bureau of Alcohol, Tobacco and Firearms within 24 hours.

—Greater leeway in unannounced inspections of licensees.

The NRA said 45 days is enough time for reviewing an application.

The group also wondered how a dealer could tell about the likelihood of a crime committed by a customer. The higher fees also were criticized. The NRA could support increases to \$100 to \$150, Gibbons said.

The senators said they had not discussed the legislation with President Clinton. But they were heartened by Clinton's support of a waiting period for handgun purchases and background checks of gun buyers.

Crime -
Fed. Firearms
Licensing

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

09-Mar-1994 07:40pm

TO: Bruce N. Reed
TO: Rahm Emanuel

FROM: Jennifer M. O'Connor
 Office of Cabinet Affairs

CC: Carola McGiffert

SUBJECT: Treasury/gun licensing

FYI --

Secretary Bentsen spoke with Cong. Brooks today about Treasury's licensing proposal. Brooks said he would consider it -- a major departure in attitude, according to the Secretary. Brooks also said he hates the assault weapons proposal.

As a result of this good news (about the licensing proposal), tomorrow (Thursday), Treasury is going to do a small event. In the afternoon, the Secretary will do a photo op with two major gun groups who will endorse the licensing proposal.

JOINT STATEMENT

Crime -
Fed. Firearms
Licensing

We recognize that there is a serious problem of crime, especially violent crime, in this nation. This problem is driven in part by the size, scope and availability of the illegal firearms market, which supplies criminals and juveniles with deadly weapons.

We strongly support the right of law-abiding American adults to bear arms, and our intention is not to undermine either their constitutional rights, or the legitimate commerce in firearms.

However, within the firearms industry are elements who divert the flow of firearms from the legitimate trade into the more lucrative firearms black market.

In addition to the tragedies and sorrows suffered by the victims of violent crime, we recognize the perils faced by state, local and federal law enforcement as they target gun traffickers and violent criminals.

We, further recognize that gun licensees, who through willful, negligent or irresponsible actions contribute to the illicit gun market, undermine those businesses which carefully adhere to the letter of the law.

At present, the Bureau of Alcohol, Tobacco and Firearms (ATF) has regulatory authority over the firearms industry, but its ability to ensure compliance with firearms laws is hampered by insufficient resources and inadequate statutory authority. The regulatory system with its present constraints is harmful to legitimate firearms businesses, to law enforcement and to the public.

We strongly support new legislation to reform the Federal Firearms Licensing (FFL) system, including the following initiatives:

- * ensuring that the firearms regulatory system pay for itself, increasing the license fee commensurate with the cost of the program;
- * requiring that FFLs be in compliance with state and local laws and ordinances;
- * requiring reports of losses or thefts from FFL firearms inventories;
- * removing the prohibition on more than one compliance visit per FFL per year;
- * increasing the penalty for willful falsification of records; and
- * extending ATF's period for a decision on firearms license applications from 45 to 90 days.

We further support any initiatives in the crime bill that would improve ATF's ability to enforce firearms violations, particularly addressing the illicit firearms market.

Neil Behan
Major City Chiefs

Bill Bridgewater
National Alliance of Stocking
Gun Dealers

Don Cahill
Fraternal Order of Police

John Pitta
Federal Law Enforcement
Officers Association

Jack Puglisi
Collectors and Arms Dealers
Association

Robert Scully
National Association of Police
Organizations

Daniel Rosenblatt
International Association of
Chiefs of Police



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

TREASURY DEPARTMENT ANTI-GUN, ANTI-VIOLENCE PROGRAM

The Treasury Department, through the Bureau of Alcohol, Tobacco and Firearms (ATF), has responsibility for enforcing federal gun control laws, regulating the firearms industry, and collecting taxes on firearms and ammunition.

ATF is responsible for the enforcement and administration of federal laws as well as collecting excise taxes (\$14 billion in FY 93) on alcohol, tobacco and firearms. ATF has a staff of 4,300, including 2,100 special agents and 850 compliance inspectors in 26 field offices and 300 subordinate offices and 3 overseas offices, working closely with state and local law enforcement agencies around the country.

There are potentially 200 million firearms in civilian hands in the United States. Nearly four million new firearms enter the marketplace annually. It is estimated that each year, nearly 639,000 Americans will be confronted by a criminal armed with a handgun. Between 130,000 and 270,000 firearms are taken to school every day by juveniles.

Treasury will seek \$10 million to carry out initiatives related to enforcing federal gun control laws and curbing violence from a combination of existing and new resources. Moreover, \$71 million for additional initiatives already is provided for in the Senate-passed crime bill. The Treasury Department will work with the Congress to achieve this level of funding.

Brady Law:

-- The signing of the Brady law on November 30, named after President Reagan's Press Secretary, James Brady, took seven years to enact. The bill requires that all handgun purchasers will undergo a background check before they actually get a handgun. A recent study showed that nearly 30% of criminals in state prisons went to a gun shop to obtain firearms.

-- This is an important improvement in the way guns are sold. Treasury will ensure that implementing regulations are in place by February 28, when the waiting period and background check provisions become effective.

Effective 11/30/93:

* Raises initial fee for federal dealer's or pawnbroker's license from \$10 a year to \$200 for initial three years and \$90 for a three year renewal.

* Federal Firearms Licensees (FFLs) are required to submit reports to state or local law enforcement agencies when selling two or more handguns in five working days.

* Common carriers prohibited from placing labels or written notices on packages indicating the packages contain firearms. On interstate or foreign commerce deliveries, the carrier is required to get a written receipt from the recipient of a package containing firearm(s).

* Penalty for not complying with multiple sales or common carrier provisions by licensee or carrier is not more than five years imprisonment and/or \$250,000 fine.

* It is a federal felony to steal firearms from the business inventory of a Federal Firearms Licensee (FFL). Penalty: Not more than ten years imprisonment and/or \$250,000 fine.

Effective 2/28/94:

-- Unlawful for Federal Firearms Licensee (FFL) to sell a handgun to nonlicensee unless:

* obtains statements from purchaser verifying identity and that purchaser is not prohibited from receiving or possessing a firearm.

* verifies identity of purchaser by examining identification documents required by ATF (e.g. driver's license).

* notifies "local chief law enforcement officer" within 24 hours with information from buyer. (Note: The Departments of Treasury and Justice are working on the designation of "local chief law enforcement officer". The designee may vary from jurisdiction to jurisdiction.)

* gives copy of purchaser's statement to "local chief law enforcement officer" within 24 hours.

* waits five business days before transferring handgun to purchaser.

-- Exceptions:

* statement from local chief law enforcement officer that handgun needed because of threat to life of purchaser or family.

* State handgun license issued within past five years and state law requires

that an authorized government official verify that possession of a handgun is not in violation of law.

* State law requires that an authorized government official verify that available information does not indicate that the transferee's possession would be in violation of law.

* Handguns approved for transfer under the National Firearms Act.

* Certification by ATF that compliance is impracticable because the remoteness of the FFL premises in relation to the location of the chief law enforcement officer.

-- Penalties for FFL non-compliance

* Criminal penalties: Not more than one year imprisonment and/or \$100,000 fine.

* Administrative action: Revocation of license.

-- The Treasury Department is responsible for implementing Brady law through regulations and enforcement of law as it pertains to licensees, shippers, and purchasers.

-- The Justice Department is responsible for developing a national computerized records system allowing an instant check of purchasers. Waiting period will be replaced by instant check in five years. Justice is also responsible for ensuring police departments comply with time limits on retention of records and receiving certifications of compliance.

-- State and local agencies are responsible for making "a reasonable effort" to determine if purchaser is a prohibited person. Responsible for complying with records retention and certification requirements. Also required to respond in 20 days to a request from a purchaser for the reason they were prohibited from making a purchase. State and local agencies are protected from civil liability arising from failure to prevent a transaction or from preventing a sale to a non-prohibited person.

-- ATF is developing model state and local legislation providing a system for agencies to recoup the cost of the background checks through licensed firearms dealers. There is no provision for federal funds to offset the cost to law enforcement agencies of conducting the checks.

Federal Firearms License Reform

- Federal law requires that all persons who engage in the business of manufacturing, importing and selling firearms must be licensed by the Bureau of Alcohol, Tobacco and Firearms. The law also requires that persons who obtain such licenses must engage in the business. Licenses must be issued to all applicants who are not prohibited persons, who are 21 years of age and older and who have a premises from which they will conduct such business.
- Federal law does not require that the licensee be in compliance with state and local laws to obtain a license.
- Currently, there are over 284,000 licenses. ATF has only 240 inspectors dedicated to the inspection of these licensees to ensure compliance with the law.
- Over 70% of the persons holding licenses are not engaged in the business as required by law.
- The Treasury Department is supporting the reforms of the federal firearms licensing program contained in the Senate Crime Bill including:
 - * requiring the submission of photographs and fingerprints by all applicants to insure adequate identification of applicants.
 - * requiring certification by applicant of compliance with state and local laws. Applicant for license must certify compliance and be in compliance within 30 days of obtaining a federal license. Chief law enforcement officer must be notified by applicant of intent to conduct a firearms' business.
 - * ATF required to notify chief state and local law enforcement officers of names and addresses of licenses issued.
 - * FFL's must respond in 24 hours to ATF requests for information when a firearm is being traced.
 - * FFL's must report thefts and losses of firearms within 48 hours to ATF and local authorities.

-- The Treasury Department is seeking enhancement of these reforms to include:

- * Raise the license fee to \$600 a year. This matches the cost of issuing the license.
- * Establish immediate revocation of a license upon the felony conviction of the Federal Firearms Licensee (FFL).
- * Establish periodic reports by FFL's ensuring that authorized business operation is occurring.
- * Reform the definition of prohibited person. Currently, the definition is dependent on a myriad of conflicting state statutes.
- * Increase the penalty from a misdemeanor to a felony for willful falsification of records by an FFL.
- * ATF will work with state and local agencies to replicate a successful project in New York City in which local authorities and ATF inspectors are preventing 90% of FFLs from being issued by ensuring full compliance with all applicable laws. Formerly, 90% of license applications were approved.

Intelligence

- It is essential that ATF be able to provide responses to gun trace requests quickly in order to help solve violent crimes. Equally important is that ATF be able to process the intelligence gained from traces to spot illicit trafficking operations and criminal sources of firearms.
- The President has expressed a commitment to support modernization and automation at ATF's National Tracing Center as essential to achieve the full potential of this vital intelligence.
- Legislation (covered under FFL reform) is necessary to allow ATF access to essential information.
- Automation is essential for ATF to be able to realize the full potential of its tracing capability. ATF is statutorily prohibited from maintaining a data base of current business records. However, FFL holders are required to submit

their business records to ATF when they go out of business. These records are currently housed in boxes.

-- Nearly 40% of all traces require ATF to search these retired records from the archives. Information reported on multiple sales and stolen firearms as required in Brady and the crime bill should be automated and integrated into a system useful to law enforcement.

-- ATF is now on-line with the most sophisticated ballistics computer program in the world. Project Ceasefire identifies the markings left on projectiles and cartridge casings and the computer automatically matches identical entries.

-- Expanding this program from the pilot effort in Washington, DC to six additional cities will cost \$5.2 million. These cities are New York, Atlanta, Houston, Los Angeles, Chicago and St. Louis. Expansion of Project Ceasefire will be funded through the Treasury Asset Forfeiture Fund.

Law Enforcement

-- ATF's Achilles Program emphasizes prosecution of the armed recidivist offender. These career criminals, perhaps 15% of the criminal population, account for over 70% of serious crime.

-- In 1986, statutes were passed mandating prison terms ranging from five years to life, without probation or parole, for subjects convicted of using firearms while trafficking in narcotics and for violent career criminals who possess firearms.

-- With the recognition that there is a violent marriage between guns and drug trafficking, ATF committed itself to focusing these statutes in such a way that would make weapons the "Achilles' heel" by which the powerful drug dealers and armed career criminals could be brought down.

-- As part of this program, ATF has special Achilles Task Forces in 22 cities. The task forces, with the help of state and local police, focus their efforts in the highest crime areas. In fiscal year 1993, this program resulted in the prevention of an estimated 220,000 serious crimes at a cost savings to American taxpayers of \$570 million. The Department will develop plans to expand the Achilles Task Forces to additional cities.

-- Project Uptown focuses ATF's jurisdiction into high crime public housing in New York City and Baltimore. It began as a joint effort between ATF and the New York City Housing Authority Police Department, aimed at addressing crime in selected public housing projects. Focusing on armed criminals and

gun wielding drug dealers, the task force was begun in 1989 and has been credited with the nearly 40% decrease in violent crime in New York public housing projects. In 1993, Project Uptown was extended to include a similar joint effort in Baltimore. This program will be expanded to Chicago and New Orleans.

-- ATF will conduct studies of the illicit gun trafficking patterns and trends in the 10 major urban areas where 20% of the nation's sentencings for felony crimes are reported. These areas are:

- * Los Angeles, California
- * New York City, New York
- * Cook County, Illinois
- * Harris County, Texas
- * San Diego, California
- * Orange County, California
- * Maricopa County, Arizona
- * Wayne County, Michigan
- * Dade County, Florida
- * Dallas, Texas

-- The Federal Law Enforcement Training Center (FLETC), will develop a training program for rural drug law enforcement officers.

-- New threats to the lives of the public safety officer appear almost daily. Devastating bullets such as the Black Talon and the armor piercing M39B have no place in the open marketplace. Treasury supports language in the Crime Bill to restrict such ammunition, and is working with the Department of Justice to develop a performance standard to be used to ban similar ammunition which may be developed in the future.

Explosives

-- Under current law, explosives are sold over the counter with no background check on the purchaser. The possession of explosives by convicted criminals is not prohibited. Deadly precursor chemicals are sold with no reporting to the government.

-- The Administration will make recommendations to the Congress requiring a tighter system of ensuring that explosives purchasers are legitimate and qualified, and that purchasers have a permit to buy explosives.

-- In addition, the Administration will seek tightening of the reporting

requirements governing the sale of explosives and the shipping of key precursor chemicals.

-- The Treasury Department also will undertake research into a state-of-the-art tagging system to aid in the identification and tracing of explosives used in criminal bombings.

Prevention

-- Sponsored by Senator Dennis DeConcini, ATF introduced the Gang Resistance Education and Training Program (GREAT) in 1991.

-- Nearly 500 police officers have received training in implementing the program in their cities. Over 100,000 at risk youngsters have been reached by this program which teaches self reliance, self esteem and resistance to negative peer pressure and drug awareness education. This program also focuses on alternatives to gang violence.

-- Currently, GREAT is being implemented in 12 cities. The Department supports the Senate Crime Bill initiative to fund the participation of 50 additional cities. This will cost \$40 million, half of which would go directly to state and local law enforcement.

-- Project Outreach is a Treasury-wide program that brings to communities and schools volunteers from Treasury law enforcement agencies. The agents and employees teach skills such as CPR, provide tutoring, and serve as positive role models for the young people.

CRIME - FFL

THE WHITE HOUSE
WASHINGTON
December 15, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN PODESTA *JP*
TODD STERN *TS*

SUBJECT: Gun Licensing Provisions in Crime Bill

Background

The Simon Bill. In March, Senator Simon introduced S. 496 to raise the fees and toughen the federal licensing provisions on gun dealers. The fee provisions of that bill would have required dealers to purchase a three-year license at a cost of \$750 per year; the current yearly license is \$10. The \$750 number was designed, in effect, as a user fee that would cover ATF's cost of conducting background checks and inspections of gun dealers. The bill never moved.

Treasury-Postal Amendment. In July, Simon offered an amendment to the Treasury-Postal Appropriations bill that would have increased the yearly fee to \$375. It was rejected as non-germane 68-30.

Simon Amendment to the Crime Bill

Fees. Senator Simon's amendment to the Crime Bill -- a compromise with the NRA that was accepted in the bill -- toughens federal licensing provisions but omits any fee increase. A much smaller fee increase -- supported by the NRA -- was instead included in the Brady Bill. It increases the fee to \$200 for a three-year license (\$67/year), renewable in three-year increments for \$90 (\$30/year).

Simon and others (including Senators Bradley and Murray) are still eager to legislate a larger fee increase and will be looking for an appropriate vehicle in the upcoming session.

Licensing Provisions. The licensing provisions of the Simon Amendment in the Crime Bill would do the following:

- (i) require prospective gun dealers to certify that they are in compliance with state and local laws before a federal license is issued;

(ii) require ATF to distribute a list of federal licensees to state and local law enforcement agencies;

(iii) allow ATF 60 days rather than the current 45 to act on an application;

(iv) require dealers to report the theft or loss of guns to ATF within 48 hours;

(v) require dealers to respond to requests for information from Treasury within 48 hours;

(vi) require license applicants to submit fingerprints and a photo with their application;

(vii) allow Treasury to inspect a dealer's records when a gun used to commit a crime is traced back to that dealer.

Once conferees have been named to the Crime Bill conference, Senator Simon would like a letter from you to them supporting inclusion of his Amendment in the conference report.

cc: George Stephanopoulos
Carol Rasco
Bruce Reed