

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft agreement	[Gun Dealers and Distributors Code of Conduct] (10 pages)	04/10/00	P5

COLLECTION:

Clinton Presidential records
 Domestic Policy Council
 Bruce Reed (Crime)
 OA/Box Number: 21552

FOLDER TITLE:

Guns-Gun Dealers

rs19

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Gun-
Gun Dealers



Deanne E. Benos
12/17/99 08:09:35 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Leanne A. Shimabukuro/OPD/EOP@EOP
Subject: Gun Dealers.

The moment we have all been waiting for: The gun dealers have formed a new organization -- the National Coalition of Firearms Dealers. The goal is to have the 500 largest dealers in the nation join, and their founder, Bill Carter, believes they are progressing nicely. They also hope to have manufactureres join the organization -- but it will only represent the voice of dealers. They explicitly refused an invitation by Delfay to merge with NSSF for that reason. The dealers plan to do some form of official kickoff in January. Interesting note: Bob Ricker and Richard Feldman -- our favorite ASSC renegades -- have been retained by the organization.

The larger dealers have concerns about the way their industry is characterized by the actions of less scrupulous dealers, as well as a financial interest in imposing a code of conduct on the rest of the industry to root out smaller, kitchen table dealers. They have wanted to form a NICS Advisory Board for some time. I raised the possibility of them working with ATF/FBI to form a more general dealers board. This board has the potential to create some form of industry standards with our input. . . . This board may be helpful in negotiations with the industry regarding our code of conduct for what kinds of dealer they should be doing business with. . . . I am proceeding delicately, but I think they would like to meet with us on the advisory board, and to provide/receive input on such a code of conduct. Would this be helpful, or do you feel that it may complicate the industry negotiations?

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft agreement	[Gun Dealers and Distributors Code of Conduct] (10 pages)	04/10/00	P5

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Clinton Presidential records
Domestic Policy Council
Bruce Reed (Crime)
OA/Box Number: 21552

FOLDER TITLE:

Guns-Gun Dealers

rs19

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

Freedom of Information Act - [5 U.S.C. 552(b)]

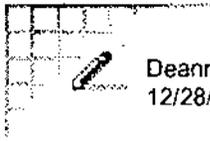
- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Guns -
Dealers



Deanne E. Benos
12/28/99 01:40:51 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Leanne A. Shimabukuro/OPD/EOP@EOP
cc: epliu@msn.com @ inet, Anna Richter/OPD/EOP@EOP, Cathy R. Mays/OPD/EOP@EOP
Subject: GUN DEALERS.

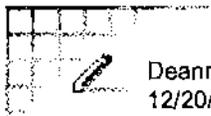
Would you be interested in meeting with Bob Ricker and the gun dealers (Bill Carter, National Coalition of Firearms Dealers and Wain Roberts, National Alliance of Stocking Gun Dealers and a few other members) on January 6th after 2 p.m.?

They coming to town on January 6th at 1 p.m. to meet with ATF/FBI on 3 things: (1) To ask questions about new ATF Director Brad Buckles; (2) To talk about improving the NICS system and lines of communication when dealers need assistance; (3) To talk about their new group, the National Coalition of Firearms Dealers, and their hope that they can create code of conduct that will be its driving force.

Interesting dynamic already emerging: Delfay/NSSF and NRA are meeting with ATF/FBI at 2 p.m. as part of their ongoing talks on reform. The dealers wanted to join the meeting and Delfay was very resistant. ATF/FBI had to schedule a separate meeting with dealers beforehand. . . .

I briefly talked with him about his ideas for a code of conduct, and delicately raised a couple of remedies mentioned in newspapers that would impact dealers. While NRA opposition always lingers, they appear to be open to computerization; they like the "concept" of the Schumer study that only a small portion are "bad guys," and when I asked them if he thought dealers with high crime gun traces should work with ATF in an agreed fashion like opening up sales records, he liked the idea and said they were considering something similar. We're following up more on Thursday, and I hope to get some paper to share with you.

Gun -
Gun Dealers



Deanne E. Benos
12/20/99 03:43:51 PM

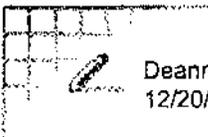
Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Leanne A. Shimabukuro/OPD/EOP@EOP
Subject: Gun Dealers.

I spoke with Bob Ricker today about his new, but unannounced "National Coalition of Firearms Dealers." He would like to meet with us, ATF and FBI the first week of January. Would you like me to schedule this meeting?

As mentioned, the dealers have wanted to form an FBI/ NICS Advisory Board for some time. I had suggested that they consider a broader Dealers Advisory Board that meets with both ATF and FBI periodically, develops standards for licensees, improves NICS (I hope "improves" is the key word!) and works with ATF to improve ways dealers can help alleviate gun crime. . . . We might facilitate this? He was open to it. It is not clear where they are at on specific remedies being discussed, but this would be a good way to begin conversations. As it stands, one of the goals of their new organization is to "certify" their members according to a code of conduct. It would be great if we could influence that code. However, there is a risk things could become complicated if it is not consistent with the settlement talks.

Gun -
Gun Dealers



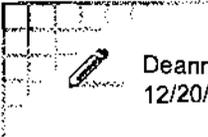
Deanne E. Benos
12/20/99 12:43:20 PM

Record Type: Record

To: Deanne E. Benos/OPD/EOP@EOP
cc: bruce.n.reed/opd/eop@eop, eric.p.liu/opd/eop@eop, leanne.a.shimabukuro/opd/eop@eop
bcc:
Subject: Re: Important Addition -- SCHUMER REPORT.

Important addition -- Schumer will be saying that this report: (1) adds impetus to the gun lawsuits because manufacturers know when their product is used in a crime, but they aren't being responsible about asking the right questions; and (2) shows that gun dealer reform should be a part of any settlement. (Again, this might help us with dealers because the Schumer report shows that so few of them account for so many of the crime guns. . . .)

Deanne E. Benos



Deanne E. Benos
12/20/99 12:25:34 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP, Leanne A. Shimabukuro/OPD/EOP@EOP
cc:
Subject: SCHUMER REPORT.

Schumer is leaking his study to the Wall Street Journal, NY Times, Washington Post, USA Today and AP NY Wire to be printed in Tuesday's paper. He will then be holding a news conference on Tuesday morning around 10 a.m. or 10:30 a.m. (TBA) to discuss the findings. A new twist -- he is adding legislative proposals to: (1) "No gun, no background check"; (2) Changing the Brady Law to prevent private unlicensed persons from selling guns if they have ever sold 2 or more guns that shown up in crimes; and (3) Requiring serial numbers of all guns sold on the secondary market to be forwarded to the National Tracing Center (NTC) -- similar to the "tear off" provision of our gun show bill that requiring all gun show sale records to be forwarded to the NTC. At first blush, these proposals don't really seem to complement eachother -- more information is getting sent to us. We will have the report, new release, etc. in a few minutes.

THE WHITE HOUSE
WASHINGTON

GUNS -
Gun Dealers

DOMESTIC POLICY COUNCIL

FACSIMILE FOR: Bruce Reed

DATE: 12/20/99

FAX: 6-2878

FACSIMILE FROM: Deanne Benos
Associate Director
For Domestic Policy

TELEPHONE: (202) 456-5568

FAX: (202) 456-7028

NUMBER OF PAGES (INCLUDING COVER): 12

COMMENTS: Schumer Report + News Release

By the way

12/20/99 13:23 FAX

CHARLES E. SCHUMER
NEW YORKCOMMITTEES
BANKING
JUDICIARY
RULES**United States Senate**

WASHINGTON, DC 20510

FOR IMMEDIATE RELEASE

December 20, 1999

CONTACT: Cathie Levine

(202) 224-7433

**SCHUMER STUDY REVEALS FIRST EVER EVIDENCE OF MASSIVE
GUN TRAFFICKING;
NEARLY ALL CRIME GUNS SOLD BY HIGH CRIME RETAIL DEALERS ARE
QUICKLY RE-SOLD BEFORE USE IN CRIME****140 High Crime Retail Dealers Are Source of 1,421 Homicide Case Guns Over Past 3 Years****Schumer Study Adds Impetus to Lawsuits that Contend Manufacturers Do Little to
Prevent the Secondary Sale of Guns to Criminals**

Guns bought from high crime gun stores are quickly being resold to criminals and are turning up in thousands of violent crimes including more than 1,400 homicide cases, according to a new report released today by Senator Charles E. Schumer (D-NY). Schumer's report, a follow-up to a study he released in June which identified a small number of gun dealers as the source of thousands of crime guns, showed that of the nearly 35,000 guns traced back to 140 high crime gun dealers over the past three years, only 13% of the time was the perpetrator of the crime the same person as the purchaser of the gun. These 140 high crime gun stores, retail dealers which were the source of at least 50 guns traced to crimes committed in 1998, represent roughly *one-tenth of one percent of all federally licensed gun dealers* and account for nearly 20% of all ATF crime traces.

"Seven of eight crime guns bought from this tiny slice of gun dealers changed hands before they were used in a crime. This proves that criminals get their guns almost exclusively through the unregulated secondary market where guns bought by someone with a clean record are quickly trafficked to criminals who cannot pass a Brady background check," said Schumer.

Schumer's study also showed that one in three guns traced back to these same high crime gun dealers were recovered in a crime within one year of the gun being sold and half were traced to crimes within two years of the original sale -- strong evidence that many of the guns that end up in the hands of criminals are trafficked, in the view of federal law enforcement.

"Experienced trafficking investigators have found that recovery of crime guns within three years is a significant trafficking indicator," according to a February, 1999 report on gun traces by the Bureau of Alcohol, Tobacco and Firearms. Typically, the time from when a gun is first sold to when it is recovered in a crime averages between three and five years.

- more -

12/20/99 13:23 FAX

"Where do the 412,000 individuals who fail the Brady check get their guns? While some are undoubtedly deterred, others get their guns from traffickers who feast on stores that either don't know or don't care that the person buying the guns is not going to keep them," said Schumer. "The result is a flourishing underground market in guns that find their way into the hands of criminals.

The latest Schumer study should have an impact on the pending lawsuits against gun manufacturers as it reveals that a tiny slice of gun dealers account for an enormous number of crime guns and that little industry effort is made to stem the secondary market for guns used in crime. For each gun trace, federal law enforcement initially contacts gun manufacturers with the serial number and model of the gun. Manufacturers then inform law enforcement which licensed dealer, often a gun wholesaler or distributor, they sold the weapon to.

"Most of the time, manufacturers know when one of their guns is used in a crime, but they have not taken the extra step to find out from which gun store it was sold," said Schumer. "This seems like the obvious question to ask for someone in the gun business. But it's don't ask, don't tell because they don't want to know."

Schumer analyzed raw data obtained via request from ATF which focused on the 140 federally licensed retail gun stores which Schumer identified in an earlier report as the source of at least 50 guns traced to crimes committed in 1998. The data encompasses 34,867 guns traced back to these stores for crimes committed between 1996 and 1998. These 140 gun stores, representing 0.13% of all federally licensed retail dealers, are the source of 19.3% of the 180,791 guns which ATF traced to a retail dealer between 1996 and 1998.

Schumer found that of the 34,867 guns traced back to these gun stores, in only 4,409 cases, or 12.6% of the time, was the possessor of the crime gun the same person as the original purchaser. The remaining 30,458 guns were used in a crime by someone other than the original purchaser of the gun, the first ever evidence of a massive secondary market for crime guns.

"We have seen evidence of gun trafficking in individual cases, but the extent of trafficking has always been a mystery," said Schumer.

Schumer noted that not every gun that is sold in the unregulated secondary market is a prelude to a crime. Collectors routinely buy and sell guns to each other without the use of background checks. And Schumer cautioned that not every one of these crime guns necessarily went through a secondary market. In some cases, it is possible that a family member used the gun in a crime or that the gun was resold through another licensed firearms dealer like a pawnshop. However, it is unlikely that guns recovered in crime within two years of first being bought were resold through a pawnbroker or any licensed firearms dealer.

One of the key enablers of the secondary market in guns is the loophole that allows any person to sell their own firearm to another individual without conducting a background check or submitting any paperwork so long as the seller does not have reason to believe that the buyer is prohibited by law from owning a gun. It is also illegal to sell guns without a federal dealers' license if the seller is deemed to be conducting a business rather than simply making a private.

12/20/99 13:23 FAX

sale. These two legal standards make it exceptionally difficult to prosecute straw buyers and traffickers of guns.

"The secondary market is to crime guns what the Cayman Islands is to money. It launders the gun so that when it turns up in a crime the trace leads law enforcement to a dead end," said Schumer.

Schumer announced that when the Senate reconvenes in January he will introduce legislation requiring:

- a background check for every secondary sale of handguns and semiautomatic assault weapon sales;
- all secondary sales be conducted through a licensed firearms dealer who completes the background check;
- a change in the Brady Law to prohibit any person from buying a handgun if he/she has sold at least two guns that were used in crime by a subsequent buyer;
- notification to National Tracing Center of each such secondary sale so that should the gun turn up in a crime, a successful trace is possible (notification includes information about the firearm exchanged but not the names of the unlicensed seller or unlicensed buyer).

Schumer has already introduced the "Targeted Gun Dealer Enforcement Act of 1999" (S. 1306), which would crack down on certain gun dealers and traffickers responsible for funneling firearms into the hands of those who use guns in crime. The bill would, among other things, tighten reporting and other regulatory requirements for the few licensed firearms dealers responsible for 25 or more guns traced to crime in a given year, clearly outlaw and provide increased penalties for straw purchase schemes, give ATF authority to suspend and impose civil monetary penalties upon licensed firearms dealers who break the law, and permit the National Tracing Center to computerize all firearms sales records in its possession.

"These are very modest changes in the law that would have a chilling effect on the underground gun market," Schurner said.

###

BAD
DEALERS
BILL

12/20/99 13:23 FAX

Crime Guns Sold By High Crime Gun Dealers Quickly Change Hands and are Rarely Used by Original Buyer of the Gun

Schumer analyzed data from 140 retail gun dealers which were the source of at least 50 guns traced to crimes committed in 1998. These 140 gun stores, slightly more than one-tenth of one percent of the nation's 104,000 gun stores, accounted for 14,097 ATF crime traces, or 18.6% of the 75,844 successful traces to retail stores. Between 1996 and 1998 these same stores accounted for 34,867 ATF crime traces, or 19.3% of the 180,791 successful traces to retail stores.

- Of the 34,867 guns traced by ATF back to the 140 high crime gun stores, only in 4,409 of the traces was the possessor of the crime gun the same as the purchaser (12.6%).
- In the remaining 30,458 crimes, the gun changed hands and the person who committed the crime was not the original purchaser of the gun (87.4%).
- In 1998, crime guns from these stores changed hands 85.9% of the time (12,109 out of 14,097 guns).
- In 1997, crime guns from these stores changed hands 88.2% of the time (10,936 out of 12,405 guns).
- In 1996, crime guns from these stores changed hands 88.5% of the time (7,343 out of 8,295 guns).

Guns from High Crime Stores Quickly Used in Crimes

Nearly half of the guns traced to crime from these 140 high crime stores were recovered within two years of the original sale from the store. Typically, the average crime gun is recovered within three to five years from its original sale. Since nearly all of these guns were used in crimes after changing hands, it means that guns bought from these stores were almost immediately resold to criminals.

- Between 1996 and 1998, of the 27,670 guns traced by ATF back to these 140 high crime gun stores and for which a date of the gun purchase was supplied to ATF, 13,431 guns were recovered within two years of first being sold (48.5%).
- 8,960 guns were recovered within one year of first being sold (32.4%).
- 3,588 were recovered within three months of first being sold (13.0%).

Guns from High Crime Stores Used in Violent Crimes

- Between 1996 and 1998, 1,421 homicide case guns were traced back to these 140 high crime gun dealers. That is 6.8% of the total homicide case handgun traces by ATF over this period.
- Each of the 140 high crime gun dealers had at least one homicide case gun trace over the past three years.
- Gun dealers from the following locations had at least 20 homicide case handguns traced back to their stores between 1996-1998: Riverdale, Illinois (43), West Milwaukee (40), Indianapolis (35), Richmond (34), Elmwood Park, Illinois (33), Spring, Texas (31), Forestville, Maryland (28), Jefferson, Louisiana (28), Chalmette, Louisiana (24), Lincolnwood, Illinois (23), Tucson (23), Indianapolis (21), Bedford Heights, Ohio (21), Philadelphia (20), San Leandro, CA (20), Fontana, CA (20), Tucson (20).

12/20/98 13:24 FAX

***High Crime Gun Dealers by City and State
Straw Buyers, Time to Crime, Homicide Guns
1996 - 1998***

Alabama (3 gun stores)

- Possessor of crime gun equaled purchaser of gun in 34 of the 874 traces (Huntsville - 21 of 463, Trafford - 2 of 193, Tarrant - 11 of 218).
- Of the 749 traced guns for which the purchase date was known, 172 guns were recovered within one year and 291 within two years of the original purchase date (Huntsville - 132 within one year and 221 within two years out of 425 traces, Trafford - 0 within one year and 4 within two years out of 146 traces, Tarrant - 40 within one year and 66 within two years out of 178 traces).
- 26 guns recovered in homicide investigations were traced to these stores (Huntsville - 17, Trafford - 3, Tarrant - 6).

Arizona (2 gun stores)

- Possessor of crime gun equaled purchaser of gun in 111 of 790 traces (Tucson I - 66 of 457, Tucson II - 45 of 333)
- Of the 578 traced guns for which the purchase date was known, 190 guns were recovered within one year and 295 within two years (Tucson I - 87 within one year and 141 within two years out of 324 traces, Tucson II - 103 within one year and 154 within two years of 254 traces).
- 43 guns recovered in homicide investigations were traced to these stores (Tucson I - 23, Tucson II - 20).

California (12 gun stores)

- Possessor of crime gun equaled purchaser of gun in 319 of 2,470 traces (National City - 23 of 178, Chino I - 29 of 242, Signal Hill - 6 of 92, Chino II - 37 of 230, Fontana - 43 of 344, San Leandro - 44 of 304, Northridge - 7 of 113, North Hollywood I - 41 of 292, North Hollywood II - 13 of 115, Compton - 21 of 270, Reseda - 13 of 82, Hawthorne - 42 of 208).
- Of the 1,900 traced guns for which the purchase date was known, 298 guns were recovered within one year and 501 within two years (National City - 21 within one year and 32 within two years of 138 traces, Chino I - 33 within one year and 59 within two years of 187 traces, Signal Hill - 6 within one year and 7 within two years of 83 traces, Chino II - 29 within one year and 54 within two years of 181 traces, Fontana - 38 within one year and 68 within two years of 259 traces, San Leandro - 30 within one year and 51 within two years of 216 traces, Northridge - 0 within one year and 2 within two years of 91 traces, North Hollywood I - 31 within one year and 56 within two years of 238 traces, North Hollywood II - 9 within one year and 17 within two years of 28 traces, Compton - 42 within one year and 60 within two years of 218 traces, Reseda - 0 traces within one or two years of 70 traces, Hawthorne - 59 within one year and 95 within two years of 191 traces).
- 123 guns recovered in homicide cases were traced to these stores (National City - 14, Chino I - 11, Signal Hill - 2, Chino II - 6, Fontana - 20, San Leandro - 20, Northridge - 7, North Hollywood I - 14, North Hollywood II - 8, Compton - 12, Reseda - 2, Hawthorne - 7).
(The Northridge Store has been out of business since 1996.)

Connecticut (1 gun store)

- Possessor of the gun equaled purchaser of the gun in 11 of 134 traces at the lone high crime gun store in Connecticut (Hamden).
- Of the 111 traced guns for which the purchase date was known, 9 were recovered within one year and 23 within two years of being bought.
- 3 guns recovered in homicide cases were traced back to the Hamden store.
(Note: The Hamden store has been out of business since 1995.)

12/20/99 13:24 FAX

Delaware (1 gun store)

- Possessor of the gun equaled purchaser of the gun in 33 of 165 traces at the lone high crime gun store in Delaware (New Castle).
- Of the 107 traced guns for which the purchase date was known, 26 were recovered within one year and 43 within two years of being bought.
- 5 guns recovered in homicide cases were traced back to the New Castle store.

Florida (16 gun stores)

- Possessor of the gun equaled purchaser of the gun in 232 of 2,207 traces (Hialeah I - 16 of 258, Miami I through VIII - 110 of 1,070, Jacksonville I - 14 of 136, Jacksonville II - 4 of 97, Apopka - 11 of 164, Tallahassee - 20 of 89, Ft. Lauderdale - 14 of 107, Hialeah II - 31 of 191, Naranja - 12 of 95).
- Of the 1,450 traced guns for which the purchase date was known, 220 were recovered within one year and 360 within two years of being bought (Hialeah I - 38 within one year and 60 within two years of 151 traces, Miami I through VIII - 77 within one year and 131 within two years of 701 traces, Jacksonville I - 0 within one or two years of 93 traces, Jacksonville II - 10 within one year and 16 within two years of 74 traces, Apopka - 16 within one year and 30 within 2 years of 75 traces, Tallahassee - 24 within one year and 28 within two years of 52 traces, Ft. Lauderdale - 17 within one year and 33 within two years of 73 traces, Hialeah - 20 within one year and 35 within two years of 162 traces, Naranja - 18 within one year and 27 within two years of 69 traces).
- 158 guns recovered in homicide cases were traced to these stores (Hialeah I - 19, Miami I through VIII - 90, Jacksonville I - 5, Jacksonville II - 4, Apopka - 11, Tallahassee - 2, Ft. Lauderdale - 7, Hialeah II - 11, Naranja - 9).
(Note: 3 Miami stores have been out of business since 1993, 1994, and 1995; the Jacksonville I store has been out of business since 1997.)

Georgia (15 stores)

- Possessor of the gun equaled purchaser of the gun in 458 of 3,475 traces (Bogart - 45 of 174, Atlanta I - 32 of 177, Jonesboro I - 17 of 163, Decatur I - 104 of 607, Atlanta II - 17 of 164, East Point - 64 of 566, Decatur II - 34 of 222, Jonesboro II - 46 of 418, Mableton - 15 of 155, Macon - 17 of 111, Hephzibah - 1 of 58, Doraville I - 21 of 132, Doraville II - 26 of 245, Marietta - 15 of 148, Chickamauga - 4 of 140).
- Of the 2,323 guns for which the purchase date was known, 960 were recovered within one year and 1,381 within two years of being bought (Bogart - 21 within one year and 32 within two years of 95 traces, Atlanta I - 72 within one year and 100 within two years of 111 traces, Jonesboro I - 28 within one year and 44 within two years of 113 traces, Decatur I - 153 within one year and 225 within two years of 404 traces, Atlanta II - 62 within one year and 89 within two years of 118 traces, East Point - 140 within one year and 207 within two years of 346 traces, Decatur II - 90 within one year and 125 within two years of 164 traces, Jonesboro II - 102 within one year and 143 within two years of 272 traces, Mableton - 41 within one year and 69 within two years of 103 traces, Chickamauga - 52 within one year and 77 within two years of 104 traces, Macon - 25 within one year and 39 within two years of 54 traces, Hephzibah - 49 within one year and 50 within two years of 54 traces, Doraville I - 85 within one year and 109 within two years of 115 traces, Doraville II - 11 within one year and 30 within two years of 170 traces, Marietta - 29 within one year and 42 within two years of 100 traces).
- 73 guns recovered in homicide cases were traced back to these stores (Bogart - 5, Atlanta I - 1, Jonesboro I - 3, Decatur I - 13, Atlanta II - 2, East Point - 7, Decatur II - 3, Jonesboro II - 6, Mableton - 1, Chickamauga - 6, Macon - 7, Hephzibah - 1, Doraville I - 4, Doraville II - 7, Marietta - 7).
(Note: Doraville II has been out of business since 1996.)

12/20/89 13:24 FAX

Illinois (10 gun stores)

- Possessor of crime gun equalled purchaser of gun in 119 of 4,297 traces (Elmwood Park - 2 of 788, Lincolnwood - 27 of 455, Lyons - 11 of 346, Riverdale - 16 of 1,176, Franklin Park - 11 of 356, Dundee - 16 of 187, Melrose Park - 4 of 399, Oak Lawn - 4 of 304, Collinsville - 14 of 114, Decatur - 14 of 172).
- Of the 3,859 traces for which the purchase date was known, 1,487 were recovered within one year and 2,196 within two years of being sold (Elmwood Park - 279 within one year and 428 within two years of 725 traces, Lincolnwood - 136 within one year and 208 within two years of 432 traces, Lyons - 103 within one year and 143 within two years of 305 traces, Riverdale - 455 within one year and 637 within two years of 1,094 traces, Franklin - 143 within one year and 213 within two years of 318 traces, Dundee - 50 within one year and 78 within two years of 149 traces, Melrose - 200 within one year and 271 within two years of 356 traces, Oak Lawn - 80 within one year and 145 within two years of 282 traces, Collinsville - 14 of one year and 28 within two years of 67 traces, Decatur - 27 within one year and 45 within two years of 131 traces).
- 183 guns recovered in homicide cases were traced back to these dealers (Elmwood Park - 33, Lincolnwood - 23, Lyons - 10, Riverdale - 43, Franklin Park - 15, Dundee - 21, Melrose Park - 12, Oak Lawn - 12, Collinsville - 7, Decatur - 7).

Indiana (15 gun stores)

- Possessor of the crime gun was the purchaser of the gun in 119 of 4,297 traces (Gary I - 6 of 177, Valparaiso - 26 of 329, Indianapolis I - 70 of 436, Merrillville - 13 of 161, Indianapolis II - 57 of 390, Chesterton - 23 of 314, Indianapolis III - 137 of 911, Indianapolis IV - 52 of 295, Gary - 31 of 213, Indianapolis V - 41 of 218, Lake Station - 39 of 439, Indianapolis VI - 41 of 197, Griffith - 35 of 239, Camby - 75 of 481, Gary II - 38 of 327).
 - Of the 4,696 traces for which the purchase date was known, 2,018 were recovered within one year and 2,875 within two years of being sold (Gary I - 0 within one year and 1 within two years of 152 traces, Valparaiso - 103 within one year and 150 within two years of 293 traces, Indianapolis I - 192 within one year and 270 within two years of 414 traces, Merrillville - 50 within one year and 80 within two years of 136 traces, Indianapolis II - 142 within one year and 203 within two years of 356 traces, Chesterton - 66 within one year and 129 within two years of 271 traces, Indianapolis III - 414 within one year and 560 within two years of 863 traces, Indianapolis IV - 146 within one year and 187 within two years of 270 traces, Gary II - 72 within one year and 116 within two years of 189 traces, Indianapolis V - 94 within one year and 138 within two years of 206 traces, Lake Station - 253 within one year and 361 within two years of 407 traces, Indianapolis VI - 105 within one year and 137 within two years of 190 traces, Griffith - 78 within one year and 115 within two years of 208 traces, Camby - 156 within one year and 232 within two years of 456 traces, Gary III - 147 within one year and 196 within two years of 285 traces).
 - 172 guns recovered in homicide cases were traced back to these dealers (Gary I - 3, Valparaiso - 14, Indianapolis I - 9, Merrillville - 6, Indianapolis II - 14, Chesterton - 6, Indianapolis III - 35, Indianapolis IV - 7, Gary II - 3, Indianapolis V - 21, Lake Station - 12, Indianapolis VI - 10, Griffith - 6, Camby - 17, Gary III - 9).
- (Note: Gary I has been out of business since 1993.)

Kansas (1 gun store)

- The possessor of the crime gun was the same as the purchaser of the gun in 18 of 232 traces at the lone Kansas retail dealer in Overland Park.
- Of the 199 traces for which the purchase date was known at the Overland Park store, 56 were recovered within one year and 74 within two years of being sold.

- 15 guns recovered in homicide investigations were traced back to the Overland Park store.

Louisiana (3 gun stores)

- The possessor of the crime gun equaled the purchaser of the gun in 112 of the 863 traces (Chalmette - 21 of 214, Jefferson - 84 of 547, Baton Rouge - 7 of 102).
- Of the 742 traces for which the purchase date is known, 224 were recovered within one year and 372 within two years of being sold (Chalmette - 14 within one year and 24 within two years of 164 traces, Jefferson - 200 within one year and 328 within two years of 495 traces, Baton Rouge - 10 within one year and 20 within two years of 83 traces).
- 58 guns recovered in homicide investigations were traced back to these stores (Chalmette - 24, Jefferson - 28, Baton Rouge - 6).
(Note: the Chalmette store has been out of business since 1998.)

Maryland (6 gun stores)

- The possessor of the crime gun equaled the purchaser in 265 of 1,679 traces (Silver Spring - 28 of 121, Forestville - 115 of 493, Baltimore I - 38 of 288, Baltimore II - 13 of 158, Baltimore III - 43 of 394, Baltimore IV - 2 of 225).
- Of the 1,387 traces for which the purchase date is known, 396 were recovered within one year and 634 within two years of being sold (Silver Spring - 17 within one year and 29 within two years of 89 traces, Forestville - 105 within one year and 167 within two years of 304 traces, Baltimore I - 79 within one year and 118 within two years of 270 traces, Baltimore II - 38 within one year and 61 within two years of 143 traces, Baltimore III - 93 within one year and 157 within two years of 371 traces, Baltimore IV - 64 within one year and 102 within two years of 210 traces).
- 64 guns recovered in homicide investigations were traced back to these stores (Silver Spring - 5, Forestville - 28, Baltimore I - 7, Baltimore II - 10, Baltimore III - 7, Baltimore IV - 7).

Minnesota (2 gun stores)

- The possessor of the crime gun equaled the purchaser in 52 of 382 traces (Minneapolis - 12 of 144, Robbinsdale - 40 of 238).
- Of the 328 traces for which the purchase date is known, 118 were recovered within one year and 154 within two years of being sold (Minneapolis - 4 within one year and 9 within two years of 126, Robbinsdale - 114 within one year and 145 within two years of 202).
- 13 guns recovered in homicide investigations were traced back to these stores (Minneapolis - 4, Robbinsdale - 9).

Missouri (2 gun stores)

- The possessor of the crime gun equaled the purchaser in 85 of 526 traces (Dellwood - 42 of 329, St. Louis - 43 of 197).
- Of the 223 traces for which the purchase date is known, 51 were recovered within one year and 97 within two years of being sold (Dellwood - 29 within one year and 62 within two years of 139 traces, St. Louis - 22 within one year and 35 within two years of 84 traces).
- 7 guns recovered in homicide investigations were traced back to these stores (Dellwood - 3, St. Louis - 4).

New Jersey (1 store)

- The possessor of the crime gun equaled the purchaser in 53 of 158 traces at the lone New Jersey high crime gun store in North Plainfield.
- Of the 124 traces in which the purchase date is known, 10 were recovered within one year and 27 within two years of being sold.
- 10 guns recovered in homicide investigations were traced back to this store.

New York (2 stores)

- The possessor of the crime gun equaled the purchaser in 55 of 386 traces (Farmingdale - 26 of 211, Buffalo - 29 of 178).
 - Of the 296 traces in which the purchase date is known, 29 were recovered within one year and 50 within two years of being sold (Farmingdale - 13 within one year and 26 within two years of 181, Buffalo - 16 within one year and 24 within two years of 115).
 - 13 guns recovered in homicide investigations were traced back to these stores (Farmingdale - 11, Buffalo - 2).
- (Note: the Farmingdale store has been out of business since 1997.)*

North Carolina (4 stores)

- The possessor of the crime gun equaled the purchaser in 93 of 905 traces (Fayetteville - 13 of 151, Charlotte I - 13 of 119, Charlotte II - 11 of 78, Charlotte III - 56 of 557).
- Of the 606 traces in which the purchase date is known, 195 were recovered within one year and 308 within two years of being sold (Fayetteville - 18 within one year and 30 within two years of 111, Charlotte I - 52 within one year and 70 within two years of 107, Charlotte II - 22 within one year and 37 within two years of 66, Charlotte III - 121 within one year and 201 within two years of 433).
- 35 guns recovered in homicide investigations were traced back to these stores (Fayetteville - 9, Charlotte I - 5, Charlotte II - 3, Charlotte III - 18).

Ohio (7 stores)

- The possessor of the crime gun equaled the purchaser in 451 of 1,806 traces (Gallipolis - 80 of 158, Columbus - 14 of 265, Washington Court House - 30 of 141, North College Hill - 238 of 369, Bedford Heights - 104 of 547, Akron - 22 of 154, Cleveland - 35 of 172).
 - Of the 1,552 traces in which the purchase date is known, 390 were recovered within one year and 650 within two years of being sold (Gallipolis - 4 within one year and 6 within two years of 112, Columbus - 35 within one year and 56 within two years of 174, Washington Court House - 6 within one year and 17 within two years of 111, North College Hill - 117 within one year and 211 within two years of 368, Bedford Heights - 119 within one year and 190 within two years of 485, Akron - 45 within one year and 62 within two years of 141, Cleveland - 64 within one year and 108 within two years of 161).
 - 61 guns recovered in homicide investigations were traced back to these stores (Gallipolis - 7, Columbus - 17, Washington Court House - 5, North College Hill - 1, Bedford Heights - 21, Akron - 6, Cleveland - 4).
- (Note: the Gallipolis store has been out of business since 1997.)*

Pennsylvania (6 stores)

- The possessor of the crime gun equaled the purchaser in 177 of 1,046 traces (Philadelphia I - 50 of 308, Montgomeryville - 21 of 192, Philadelphia II - 10 of 97, Philadelphia III - 13 of 82, Upper Darby - 46 of 196, Wilkinsburg - 37 of 171).
- Of the 851 traces in which the purchase date is known, 302 were recovered within one year and 413 within two years of being sold (Philadelphia I - 64 within one year and 91

within two years of 254, Montgomeryville - 24 within one year and 48 within two years of 156, Philadelphia II - 35 within one year and 45 within two years of 78, Philadelphia III - 36 within one year and 42 within two years of 66, Upper Darby - 89 within one year and 114 within two years of 163, Wilkinsburg - 54 within one year and 73 within two years of 134):

- 56 guns recovered in homicide cases were traced back to these stores (Philadelphia I - 20, Montgomeryville - 10, Philadelphia II - 3, Philadelphia III - 5, Upper Darby - 16, Wilkinsburg - 2).

(Note: the Montgomeryville store has been out of business since 1997.)

Tennessee (9 stores)

- The possessor of the crime gun equaled the purchaser in 235 of 1,510 traces (Memphis I - 63 of 337, Memphis II - 48 of 304, Lavergne - 13 of 151, Nashville I - 41 of 246, Nashville II - 5 of 57, Nashville III - 11 of 85, Memphis III - 22 of 128, Smyrna - 7 of 93, Memphis IV - 25 of 109).
- Of the 1,407 traces in which the purchase date is known, 452 were recovered within one year and 734 within two years of being sold (Memphis I - 101 within one year and 162 within two years of 323, Memphis II - 76 within one year and 140 within two years of 293, Lavergne - 21 within one year and 42 within two years of 127, Nashville I - 86 within one year and 130 within two years of 225, Nashville II - 16 within one year and 26 within two years of 48, Nashville III - 28 within one year and 47 within two years of 79, Memphis III - 55 within one year and 78 within two years of 125, Smyrna - 21 within one year and 38 within two years of 84, Memphis IV - 48 within one year and 71 within two years of 103).
- 65 guns recovered in homicide cases were traced back to these stores (Memphis I - 15, Memphis II - 6, Lavergne - 11, Nashville I - 13, Nashville II - 2, Nashville III - 4, Memphis III - 5, Smyrna - 7, Memphis IV - 2).

Texas (10 stores)

- The possessor of the crime gun equaled the purchaser in 99 of 1,446 traces (McKinney - 11 of 157, Dallas I - 6 of 111, Dallas II - 11 of 138, Mesquite - 6 of 86, Irving - 7 of 89, Grand Prairie - 11 of 154, Garland - 20 of 78, Dallas III - 14 of 225, Spring - 27 of 308, Kemp - 0 of 100).
- Of the 1,001 traces in which the purchase date is known, 189 were recovered within one year and 328 within two years (McKinney - 12 within one year and 25 within two years of 99, Dallas I - 15 within one year and 25 within two years of 97, Dallas II - 10 within one year and 30 within two years of 127, Mesquite - 17 within one year and 27 within two years of 75, Irving - 12 within one year and 20 within two years of 67, Grand Prairie - 49 within one year and 68 within two years of 136, Garland - 23 within one year and 44 within two years of 67, Kemp - 3 within one year and 3 within two years of 3, Dallas III - 31 within one year and 53 within two years of 169, Spring - 17 within one year and 33 within two years of 161).
- 68 guns recovered in homicide cases were traced back to these stores (McKinney - 8, Dallas I - 4, Dallas II - 2, Mesquite - 5, Irving - 4, Grand Prairie - 2, Garland - 2, Kemp - 3, Dallas III - 7, Spring - 31).

(Note: the Kemp store has been out of business since 1998, Dallas III since 1996.)

12/20/99 13:25 FAX

Virginia (9 stores)

- The possessor of the crime gun equaled the purchaser in 382 of 2,730 traces (Hampton I - 13 of 135, Mechanicsville - 45 of 314, Richmond I - 112 of 711, Richmond II - 13 of 249, Hampton II - 74 of 575, Virginia Beach - 37 of 133, Glen Allen - 39 of 307, Richmond III - 33 of 176, Carrollton - 16 of 130).
- Of the 1,473 traces in which the purchase date is known, 397 were recovered within one year and 623 within two years of being sold (Hampton I - 1 within one year and 6 within two years of 72, Mechanicsville - 25 within one year and 52 within two years of 144, Richmond I - 82 within one year and 133 within two years of 366, Richmond II - 2 within one year and 3 within two years of 159, Hampton II - 155 within one year and 244 within two years of 316, Virginia Beach - 54 within one year and 72 within two years of 81, Glen Allen - 21 within one year and 40 within two years of 165, Richmond III - 45 within one year and 54 within two years of 101, Carrollton - 12 within one year and 19 within two years of 69).
- 109 guns recovered in homicide cases were traced back to these stores (Hampton - 7, Mechanicsville - 17, Richmond I - 34, Richmond II - 11, Hampton - 13, Virginia Beach - 4, Glen Allen - 10, Richmond III - 8, Carrollton - 5).
(Note: the Richmond II store has been out of business since 1994, Hampton I since 1996.)

Wisconsin (3 stores)

- The possessor of the crime gun equaled the purchaser in 302 of 1,626 traces (Milwaukee - 31 of 264, West Allis - 33 of 247, West Milwaukee - 238 of 1,115).
- Of the 1,589 traces in which the purchase date is known, 753 were recovered within one year and 994 within two years of being sold (Milwaukee - 0 within one year and 4 within two years of 254, West Allis - 78 within one year and 131 within two years of 241, West Milwaukee - 675 within one year and 859 within two years of 1,094).
- 59 guns recovered in homicide cases were traced back to these stores (Milwaukee - 12, West Allis - 7, West Milwaukee - 40).
(Note: The Milwaukee store has been out of business since 1996.)

FEB-02-2000 21:00

D.P.D.

Department of the Treasury, Bureau of Alcohol, Tobacco & Firearms • Commerce in Firearms in the United States

EXECUTIVE SUMMARY

Guns -
Bad Apple
Dealers

Each year, about 4-1/2 million new firearms, including approximately 2 million handguns, are sold in the United States. An estimated 2 million secondhand firearms are sold each year as well. A critical part of ATF's mission is to prevent diversion of these firearms from the legal to the illegal market, and to keep them out of the hands of criminals, unauthorized juveniles and other prohibited persons under the Gun Control Act. This report presents data on the firearms market and describes ATF's regulatory enforcement programs to prevent firearms trafficking. Criminal investigation, which is also central to ATF's anti-trafficking work, is discussed in separate reports.

Federal Firearms Licensees (FFLs). Because firearms manufacturers, importers, distributors and dealers produce and handle weapons, Congress requires them to obtain licenses from ATF. ATF screens applicants and oversees licensees to ensure that they comply with the firearms laws. From 1975 to 1992, the licensee population grew from 161,927 to 284,117. In 1992, a large number of retail licensees were not actively engaged in a firearms business. Many others used their licenses only to buy firearms across State lines at wholesale prices. The growing licensee population strained enforcement resources, and the inactive licensees were holding licenses meant only for those engaged in the firearms business. In 1993 and 1994, Congress added several safeguards to ensure that only legitimate gun dealers obtain Federal licenses, including increased fees and certification requirements. Following ATF's implementation of those provisions, the number of Federal firearms licensees dropped from 284,117 in 1992 to 103,942 in 1999, of these 80,570 are retail dealers or pawnbrokers. ATF is now able to target its resources more effectively because of the smaller licensee population, and this will help ensure that only legitimate businesses are licensed. Despite the decline, 31 percent of retail licensees in 1998 had not sold a gun in the previous year.

Anti-Trafficking Enforcement. This report highlights two developments in the past five years that have brought law enforcement and the firearms industry into a new era in reducing illegal access to guns. First, the Brady Handgun Violence Prevention Act of 1993 prevents prohibited persons from buying guns from licensed firearms dealers by requiring these dealers to run background checks on purchasers. Since the establishment of the National Instant Criminal Background Check System (NICS) in November 1998, over 10 million transactions have been processed and 89,836 unlawful firearms transfers denied.

Second, ATF has intensified its focus on illegal gun trafficking, aided substantially by the expanded tracing of crime guns by State and local law enforcement officials, as well as Congressionally mandated reporting of firearms stolen from FFLs. Tracing enables law enforcement to solve individual crimes by linking suspects to weapons and to identify broader trafficking patterns. Trace information can indicate, for instance, that a purchaser — possibly a straw purchaser or other unlicensed seller — is repeatedly buying firearms from a dealer, or that crime guns from a particular area are repeatedly originating from a particular licensed dealer.

For recent reporting on criminal investigations involving the diversion of firearms by licensed and unlicensed dealers, see the *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999 (analyzing 648 illegal trafficking investigations involving youth and juveniles and more than 26,900 firearms); and *Gun Shows: Brady Checks and Crime Gun Tracing*, Department of the Treasury and Department of Justice, January 1999 (analyzing 314 illegal trafficking investigations involving gun shows and more than 54,000 firearms).

Commerce in Firearms in the United States • Department of the Treasury, Bureau of Alcohol, Tobacco & Firearms

In 1993, recognizing the significant potential of tracing and pursuant to a Presidential directive, ATF began a concerted effort to increase crime gun tracing and trafficking enforcement and to demonstrate the value of tracing to state and local law enforcement agencies. In 1996, President Clinton directed ATF to further strengthen crime gun tracing and enforcement efforts through the Youth Crime Gun Interdiction Initiative, a program in which a jurisdiction commits to tracing all recovered crime guns. Seventeen cities participated in the first year, and 38 are participating in FY 2000. Since 1993, the number of law enforcement trace requests has increased from 55,000 to over 200,000.

As a result of increased crime gun tracing, ATF has identified a series of trafficking indicators that signal whether an FFL or retail purchaser should be investigated for trafficking. These indicators include multiple crime gun traces, sometimes associated with multiple purchases, short time-to-crime traces where the gun is used in a crime within three years after its retail sale, incomplete trace results due to an unresponsive FFL, and reports of lost or stolen guns, among others. Of course, crime gun traces to a dealer do not necessarily indicate illegal activity by the dealer or its employees. Nevertheless, when trafficking indicators are present, it is important to find out why guns

are falling into criminal hands and to take action against all violations of law.

ATF's tracing data and analysis has allowed ATF to strengthen both its criminal and regulatory enforcement programs. Most significantly for regulatory enforcement purposes, ATF's tracing data has shown that a small number of dealers account for a large proportion of the firearms traced from crimes. Just 1.2 percent of dealers—1,020 of the approximately 83,200 licensed retail dealers and pawnbrokers—accounted for over 57 percent of the crime guns traced to current dealers in 1998. And just over 450 licensed dealers in 1998 had 10 or more crime guns with a time-to-crime of three years or less traced to them. ATF is now targeting enforcement and inspection resources at dealers such as these, as well as making crime gun trace analysis available to criminal investigators. By following up on crime gun trace information and other trafficking indicators, ATF can determine the reasons for diversion of firearms from this relatively small proportion of dealers to the illegal market and take regulatory and criminal enforcement actions that will curb this illegal flow of guns. This targeted enforcement should yield significant results: preventing diversion from this concentrated group of dealers will curtail a significant portion of the illegal market in firearms.

FEB-02-2000 20:49

O.P.D.

MEMORANDUM TO: Secretary
Deputy Secretary

THRU: Under Secretary (Enforcement)

FROM: Director

SUBJECT: New Firearms Regulatory Initiatives

DRAFT

The Bureau of Alcohol, Tobacco and Firearms (ATF) today published the first annual Report on Commerce in Firearms in the United States. The Report provides important data that will help the public understand the firearms industry and ATF's enforcement of the firearms laws.

I want to take this opportunity to inform you of the steps that ATF will take to respond to the findings in the Report on the extent to which licensed firearms retail dealers and pawnbrokers are a source of guns used in crime. Specifically, the Report shows that we need to focus our resources on the relatively small number of active retail dealers and pawnbrokers that are the source of a substantial proportion of the traced crime guns. The majority (57.4%) of firearms traced in 1998, were sold by only 1,020 of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced to them in 1998.

While many of these Federal firearms licensees (FFLs) may be in full compliance with the law, we need to understand why the new guns they sell end up in criminal hands far more often than those sold by the majority of FFLs. Therefore, we will focus our inspection efforts on retail dealers and pawnbrokers who had 10 or more crime guns traced to them in 1999, and take appropriate action against them where needed.

Moreover, we must determine whether what is true for the new guns FFLs sell is also true for secondhand guns, which make up a substantial proportion of the firearms sold by some licensees. Even though FFLs do maintain transaction records on firearms they sell secondhand, a regular crime gun trace cannot capture this information because no link exists between first and subsequent retail transactions. The fact that the tracing process is unable to capture sales of used firearms by FFLs is a major problem, because over half of ATF's trafficking investigations involve secondhand firearms. To learn whether a significant number of secondhand guns have become crime guns, we will require certain retail dealers and pawnbrokers to submit information to ATF about secondhand guns they have acquired for sale from nonlicensees.

Our ability to trace crime guns depends entirely upon the records kept by FFLs. Most FFLs are diligent about maintaining accurate records. Most respond promptly to ATF trace requests because they understand the need to act quickly to catch and prosecute gun criminals. Unfortunately, this Report also highlights that a small number of FFLs repeatedly fail to cooperate with trace requests. We will take steps to ensure that we are able to trace the guns transferred by uncooperative retail dealers and pawnbrokers.

FEB-02-2000 20:49

D.P.D.

DRAFT

NEW ATF FIREARMS REGULATORY ACTIONS

Focus on Sources of Large Numbers of Crime Guns

A large number of crime gun traces by itself is not necessarily a significant trafficking indicator but, when coupled with other circumstances, can be cause for concern. While many high-trace-volume retail dealers and pawnbrokers may be in full compliance with the law, crime gun trace volume may indicate that diversion is occurring. The FFL might be a participant in a trafficking scheme, or simply an unwitting pawn of straw purchasers or other traffickers. Accordingly, we will focus our inspection resources on licensed retail dealers who had 10 or more crime guns traced to them in 1999. Approximately 1000 out of 80,570 licensed retail dealers and pawnbrokers fall into this category and their crime gun traces comprised over half of all crime guns traced in 1999.

1. ATF will conduct focused inspections of any of these dealers who have not been inspected within the preceding 12 months to ensure that they are in full compliance with the Gun Control Act and Federal firearms regulations, including maintaining all required records and conducting appropriate checks of the National Instant Criminal Background Check System (NICS). If violations are found, ATF will take appropriate action against these dealers. Even if these dealers are in full compliance with the law, ATF inspectors will try to identify improvements in the dealers' procedures that might make them less susceptible to straw purchasers and other traffickers. We will submit an initial report to the Secretary by September 1, 2000, on the actions we take as a result of this focused inspection program.

A second and independent trafficking indicator is time-to-crime. When a gun moves much faster than the six-year average from the FFL to the scene of a crime, we know from investigative experience that there may be illegal trafficking. Accordingly, we will require retail dealers and pawnbrokers who have 10 or more crime guns traced to them in 1999, with a time-to-crime of three years or less, to provide ATF with certain information about secondhand guns they have acquired. ATF estimates that 450 retail dealers and pawnbrokers fall into this category.

2. ATF will require these dealers to submit information on the manufacturer or importer, serial number, model, and caliber or gauge of all secondhand guns taken into their inventory from nonlicensees during the past year, and quarterly thereafter. No information on firearms purchasers will be submitted. Because these dealers are associated with a significant number of traces of new guns with a short time-to-crime, there is a substantial likelihood that secondhand guns they sell also end up being used in crime. Secondhand guns often make up a significant portion of many dealers' sales, but, because of inherent limitations in the tracing system, ATF's National Tracing Center usually cannot trace secondhand crime guns. The information acquired through these demand letters will remedy this situation, enabling ATF to trace the secondhand guns sold by these FFLs when they are recovered in crime. ATF also will use the information to try to resolve crime gun trace requests that previously could not be completed.

*ATF resources**Finer
Rushes
3. inspection - 7*

FEB-02-2000 20:49

D.P.D.

DRAFT

ATF may send demand letters to additional retail dealers and pawnbrokers who are associated with other trafficking indicators, such as a large number of crime gun traces, a high percentage of short time-to-crime traces, or a large number of stolen firearms.

Focus on Uncooperative Dealers

FFLs who keep poor records or fail to respond promptly to ATF trace requests severely erode the effectiveness of the tracing system and our ability to catch and prosecute gun criminals.

3. ATF will issue demand letters to retail dealers who:

- Fail to respond to a crime gun trace request;
- On three or more occasions, do not respond to a crime gun trace request within 24 hours; or
- Provided incorrect information in response to a crime gun trace request.

ATF estimates that 50 dealers currently fall into this category. The demand letters will require submission of all information from these dealers' acquisition and disposition records for the past three years, and monthly thereafter. This information will enable ATF to verify the FFLs' responses to trace requests and quickly trace firearms sold by these dealers if they continue to be uncooperative. Moreover, FFLs who do not cooperate with trace requests frequently fail to maintain accurate records or fulfill other statutory and regulatory responsibilities. Access to these FFLs' records will enable ATF to monitor the dealers' compliance with their legal obligations and will deter noncompliance.

4. ATF will conduct focused inspections of retail dealers that fall into this category and, if violations are found, will take appropriate action. By September 1, 2000, ATF will report to the Secretary listing dealers who were uncooperative on ATF trace requests in the previous year and detailing actions taken by ATF to enforce compliance.
5. ATF will report to the Secretary by December 1, 2000, on why traces cannot be completed and make recommendations for any needed regulatory, enforcement or legislative actions, or improvements in industry practices.

Focus on Guns Stolen from FFLs

6. ATF will publish a Notice of Proposed Rulemaking requiring all FFLs to conduct regular inventories and report discrepancies to ATF. These inventories will enable FFLs to fulfill their statutory obligations to maintain accurate records of the acquisition and disposition of firearms and report the loss or theft of firearms to ATF.

DRAFT

7. ATF will publish a Notice of Proposed Rulemaking requiring FFLs who ship firearms to report to ATF any firearms that are lost or stolen in transit within 24 hours of discovering that the firearms are missing. This will alert ATF to investigate the specific loss or theft and larger trends involving guns lost or stolen during shipment.

Providing Information to the Firearms Industry

Licensees often complain that they do not have sufficient information about guns they sell that end up in crime to be able to take appropriate action to decrease the likelihood that their guns will fall into the wrong hands.

8. Upon request, ATF will provide manufacturers and importers a list by serial number of the firearms they sold that were traced as crime guns during the previous year. This will enable the manufacturers and importers to monitor the distribution of their firearms and discover for themselves whether any particular model of firearm they sell is frequently used in crime.

Dealers Who Are Not Actively Engaged in the Business

Although there has been a substantial reduction of the total number of licensees in recent years, a survey of retail dealers and pawnbrokers indicates that there are still a significant number of licensed dealers who are not actively engaged in the firearms business. Only those engaged in the business of dealing in firearms are entitled to possess a dealer's license. FFLs not actively engaged in the business have the ability to purchase large quantities of firearms interstate at wholesale prices, which could be disposed of to the illegal market.

9. ATF will amend its Federal firearms license application to require dealers renewing their licenses to certify how many firearms they acquired and disposed of during the preceding three years. This will provide evidence to enable ATF to deny renewal applications of dealers who are not actively engaged in the business.

DRAFT

Guns-
Dealers

Gun Retailers Form Group To Push Views

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

Gun retailers, worried that their interests aren't being represented by manufacturers in industry talks to settle municipal litigation, are forming a new trade group to demand a place at the table.

The move is sure to stir controversy, because the dealers have hired an industry operative whose pragmatic approach has put him at odds with a number of major manufacturers and the National Rifle Association, which represents gun owners.

The operative, Robert Ricker, has already arranged for his new clients to meet today with staff members at the White House. Seeking to get involved in settlement negotiations, the Clinton administration last month threatened to file its own lawsuit against the industry on behalf of thousands of public-housing authorities.

Gun foes began a coordinated legal assault on the industry in late 1998. Since then, 28 municipalities have sued gun makers, distributors and retailers, seeking to recover the public costs of gun violence—a demand that industry lawyers have branded improper, saying blame lies with those who misuse guns, not those who lawfully make and sell them.

The real goal of the litigation isn't large damage awards but a settlement under which the industry would agree to more stringent regulation in an effort to keep guns out of the wrong hands. There have been several rounds of preliminary settlement talks, without a substantive accord.

Bill Carter, proprietor of Carter's Country Outdoor Stores in Houston and one of the founders of the new National Coalition of Firearm Retailers, said in an interview, "We don't feel like the dealer has been represented in any of the talks at this point." He said dealers from California to New York have indicated interest in joining the organization, which will have its first meeting at a trade show in Las Vegas later this month.

The choice of Mr. Ricker as a consultant is significant. He was effectively pushed out of a Washington-based industry-lobbying job last spring, after he angered the NRA and some gun manufacturing executives by trying to forge compromises with the White House and Congress on various legislative gun-control proposals. Mr. Ricker, who has re-established himself as a state-level gun lobbyist in Sacramento, Calif., is unusual within the industry because of his open lines of communication with certain Clinton administration officials and others in the gun-control camp.

Robert Delfay, head of the overall industry trade group, the National Shooting Sports Foundation, said his organization was vigilantly representing retailers' interests and that it was best to present a unified front against gun foes.

Mr. Ricker said in an interview that the several nationally known dealers he is scheduled to accompany to the White House today "don't plan to offer anything," but would outline some issues on which dealers may have a different perspective from others in the industry.

For example, many well-established dealers would like to see more aggressive policing of gun shows, the weekend gun-selling bazaars that law-enforcement officials single out as a leading source of weapons for criminals, Mr. Ricker said. Agreeing with the law-enforcement view, many storefront dealers also resent gun shows as lightly regulated, low-price competitors. So, dealers would probably be more willing than some manufacturers to include in a settlement a requirement that all gun-show sales include the sort of computer background checks required of gun-store sales. Dealers are also more likely to back a provision calling on the federal Bureau of Alcohol, Tobacco and Firearms to patrol gun shows more vigorously, Mr. Carter said.

On the other hand, dealers would probably resist more fiercely than manufacturers any attempt to use the bureau's statistics showing which retailers sold guns later used in crime as a basis for excluding those retailers from the industry. "That would be very disturbing, because you're going to catch any high-volume dealer on that sort of list," Mr. Carter said. Manufacturers have firmly opposed the idea that they should be responsible for compiling such a black list, but some gun makers have suggested that if the government identified "bad-apple" dealers, the industry would consider cutting them off.

Mr. Delfay, head of the industrywide trade group, said that any differences in perspective weren't great. He explained that industry representatives haven't discussed background checks at gun shows with the municipalities because "that's got to be something that Congress does." As for use of any black list based on the bureau's trace statistics, Mr. Delfay said, "It would be totally inappropriate for manufacturers to cut off retailers based on the number of firearms traced to them."

Mr. Delfay said that he and some members of his trade group are scheduled to meet separately with White House staff members today. Both gun groups are also expected to meet with Bureau of Alcohol, Tobacco and Firearms and Federal Bureau of Investigation officials today, but the structure of that meeting wasn't clear last night.

The prospect of gun retailers seeking to assert their own distinct views in the settlement process was first raised on a national level by a page one article in The Wall Street Journal in June 1999.

E-Commerce Firms Start to Rethink Opposition To Privacy Regulation as Abuses, Anger Rise

By GLENN R. SIMPSON

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON — The electronic-commerce industry is starting to reconsider its long-held opposition to federal regulation of Internet privacy issues.

To date, the industry has pushed the concept of "self-regulation" to handle the burgeoning practice of collecting detailed data on Internet consumers. But now that stance is under pressure from Congress, the states and election-year politics. Some in the industry are mulling "whether we're not better off working at a federal level to create some standards," says Washington lawyer Ron Plesser, a past advocate of self-regulation who coordinates an industry group that includes America Online Inc. and Microsoft Corp.

The industry has argued that new legal restrictions could hinder the commercial growth of the Internet. But multiplying reports of surreptitious collection of consumer data by Internet marketers and questionable distribution of personal data by other companies are making privacy an issue of increasing public concern. In the presidential race, both Vice President Al Gore and Republican Steve Forbes have jumped on the issue. And lawmakers from both parties are calling for safeguards such as requiring companies to disclose how they collect and use personal information, and to seek consumers' permission before they resell the data.

Several recent actions have combined to prompt the industry to rethink whether some new laws are inevitable. Included are the unexpected popularity of a privacy amendment by Alabama GOP Sen. Richard Shelby at the close of last year, new moves by states to strengthen their privacy laws and a tough position taken on privacy by the European Union.

"I think we would all be foolish if we were not examining the options in light of what Shelby, the states and the EU have been doing," says Mr. Plesser, a lawyer who coordinates the Electronic Commerce and Consumer Protection Group. The industry group began discussions about a change in position about a month ago, other industry representatives say.

A few of the biggest technology companies are beginning to soften their opposition to some sort of federal standard, says Scott Cooper, a Hewlett-Packard Co. vice president and a longtime advocate of some type of basic federal rules. "Public perception keeps going south on us about self-regulation having all the answers," he says.

Mr. Cooper worries that it may actually be too late. Last fall, "these privacy amendments came out of left field, and nobody wanted to stand up to them," he says. If companies don't come to the negotiating table quickly, he fears, "people are going to run right past us."

Other industry executives won't go as far as Mr. Cooper, but have clearly opened

Protecting Privacy

Some pending Internet privacy legislation in California and New York:

CALIFORNIA

- **Prohibit** Internet service providers from disclosing personal information without permission from customers.
- **Create** an office of Privacy Ombudsman to investigate the unlawful release of personal information by a commercial or governmental entity. Allow civil lawsuits for the unlawful release of personal information without permission.

NEW YORK

- **Establish** an opt-out system for unsolicited marketing and disclose to consumers that they have the right to

restrict unsolicited advertisements.

- **Restrict** collection, disclosure and dissemination of personal information acquired by a provider of online computer services in order to ensure the privacy of subscriber information.
- **Authorize** a cause of action to enjoin unwanted solicitation.
- **Enact** a telecommunications privacy law regulating the collection, use or disclosure of information by telecommunications carriers.

Sources: The Internet Alliance, Internet State Coalition

the door. "Fundamentally, our view is that the marketplace should solve the problem," says an Intel Corp. executive. But, he adds, "we're always prepared to work with Congress if there seems to be a sentiment for doing something like that."

Nominally, self-regulation remains the mantra of the industry, but several Washington-based representatives say they are preparing to negotiate with Congress and the Federal Trade Commission if the issue continues to heat up. Christine Varney of the Online Privacy Alliance, the leading promoter of self-regulation practices, takes a neutral stance, saying her group organizes self-policing of existing rules and doesn't take a position on legislation.

The potent populist appeal of new privacy-protection measures already is changing the debate in Congress. Perhaps more than anything, e-commerce lobbyists were spooked by Sen. Shelby's ability to move a privacy-related measure barring states from selling driver records through the congressional appropriations process last November.

Currently, conservative Republicans such as Joe Barton of Texas are teaming up with Democratic liberals such as Edward Markey of Massachusetts to push for drastic new restrictions. They are expected to be joined shortly by a proposal from Democratic Sen. Bob Kerrey of Nebraska. Gary Clayton, a Dallas privacy consultant who has been meeting with members of Congress and their staffs, says there has been a marked shift in recent weeks in attitudes toward regulation.

In part what is driving them is that privacy is polling high on the charts as a voter concern. In a Wall Street Journal/NBC News poll last fall, Americans were given a list of eight concerns that might face them in the new century and were asked to rank the ones that worry them the most. Loss of personal privacy ranked at the top of the

list, cited by 29%.

The impact of such worries was foreseen last fall by Boston-based Internet analyst Forrester Research Inc. It began forecasting the failure of the self-regulation approach in November, after finding that more than two-thirds of Internet users it surveyed were extremely or very concerned about privacy issues.

State actions have also put the industry in a squeeze. California and Colorado, among others, are weighing tough new privacy laws. New York State Attorney General Eliot Spitzer says in an interview that he will be making "a number of legislative proposals in the next few weeks" to address privacy issues. Among the possibilities: tough new limits on unsolicited calls and e-mails, as well as restrictions on so-called information brokers who collect and sell personal data such as addresses and Social Security numbers.

Moves by several states to toughen rules on financial privacy, in particular, have recently prompted banking lobbyists to explore whether Congress is interested in rewriting strongly criticized financial privacy rules passed just last fall, according to Andy Vermilye, an aide to Democratic Sen. Richard Bryan of Nevada. The lobbyists say they may now be willing to agree to a tougher national standard in exchange for pre-emption of state laws.

But not everyone in e-commerce feels that way. "The states are a living laboratory to figure out what will work and won't work," argues Jeff Richards of the Internet Alliance, which is owned by the Direct Marketing Association. "At this moment in time, I believe federal legislation that would be sweeping and pre-emptive is not called for."



Journal Link: For an in depth briefing on Internet privacy, see The Wall Street Journal Interactive Edition at <http://wsj.com>

Political Memo

President's Plans Put Giuliani on Spot

By ELISABETH BUMILLER

As Hillary Rodham Clinton begins her official United States Senate campaign, her husband has presented Mayor Rudolph W. Giuliani with two disagreeable alternatives: Criticize billions of dollars in Clinton education and anticrime initiatives that would help New York City, or praise the husband of his political enemy.

In his State of the Union speech last month and in his 2001 budget to be released next week, President Clinton is offering up a cornucopia of popular programs aimed at bolstering Democrats, but chiefly Al Gore and the first lady. Some are already bringing in millions of dollars for new teachers and after-school programs in Harlem and the Hunts Point section of the Bronx. Others, like gun control, are issues on which Mr. Giuliani, Mrs. Clinton's opponent, has aligned himself with the president in the past.

In 1994, in fact, the mayor infuriated his fellow Republicans by flying with Mr. Clinton to Minnesota on Air Force One to campaign for the president's anticrime bill.

But how times have changed. Mr. Giuliani's new approach is to be more of a Republican, and embrace the proposals in principle, but belittle them in practice. He also suggests that Congress is unlikely to pass much of what the president wants.

"I'll give you an example," Mr. Giuliani said at a news briefing this week. "The president offered a billion dollars more for the Head Start program. New York City's school budget in a given year is \$11 billion. The amount of money involved in those programs would have very little significance for a city the size of New York."

Such programs "sound good," the mayor added, "but nobody should have the false illusion that this is a substantial amount of money when it gets translated into New York City with a million schoolchildren."

Michael Kharfen, a spokesman for the Department of Health and Human Services, which administers Head Start, said he did not understand why the Head Start money the

federal government was sending to New York City was not considered substantial. For this school year, he said, the city received \$136 million for Head Start preschool programs for 20,000 children aged 3 and 4.

"It's certainly not insubstantial to the lives of those children and their families," Mr. Kharfen said. New York City, he added, received the bulk of the \$305 million in Head Start money that went to New York State this year, and has one of the country's largest Head Start programs. Mr. Clinton's proposal, which, if passed by Congress, would be the largest expansion of Head Start in history, calls for the state to receive \$411 million in Head Start money in

Criticize spending or praise an opponent's spouse?

2001.

Mr. Giuliani also dismissed Mr. Clinton's proposal to spend \$1 billion in 2001 to hire new teachers to reduce class size. "The State of the Union in previous years has offered lots of money, and then by the time you get to the budget, that money isn't there, or it's one-tenth of what it was exaggerated to be," Mr. Giuliani said. "So we're going to have to wait some months to find out are their programs really there and can we access it?"

This school year the city received \$61.2 million in a Clinton initiative to reduce class size, which allowed the Board of Education to hire 800 new teachers. Along with a state program that provided money for 800 more teachers, the board was able to create 900 new classes with an average size of 20 for children in kindergarten through third grade, plus add a second teacher to other classes.

One area that benefited from the program was School District 8 in the Soundview and Hunts Point sections of the Bronx, where the combined

state and federal programs provided money for 73 new teachers and allowed the district to create what its superintendent, Betty Rosa, said were less structured, more creative classrooms. "It's created a level of excitement for our district of what could be done," Dr. Rosa said.

It is no accident that Mrs. Clinton's latest radio commercial, broadcast statewide this week, echoes the same programs as the president's State of the Union speech. The commercial intersperses Mrs. Clinton's voice with the voices of two women, a man and a child, and has them finishing one another's sentences about the need for health insurance, after-school programs, money for school construction and tax deductions for college tuition.

"There should also be a \$10,000 college tuition . . ." Mrs. Clinton says in the ad, trailing off so that a woman's voice immediately finishes her sentence with " . . . tax cut so we can afford to send every child to college."

Similarly, the president's speech called for a \$10,000 tax deduction for college tuition for families making up to \$100,000 annually, and smaller deductions for families making up to \$120,000 a year. The plan is similar to a bipartisan bill introduced last year by Senator Charles E. Schumer of New York. "Whether Hillary was running or not, the president would have proposed almost all of this budget," Mr. Schumer said.

But he added that the Clinton tuition tax credit proposal "does help Hillary," particularly among suburban voters with college-age children who make more money than allowed under an existing Clinton tuition program. Under that program, families with less than \$80,000 in annual income can take up to \$1,500 in tax credits for the first two years of college, plus a \$5,000 tax credit for additional schooling or retraining.

Although Mr. Giuliani is running as a pro-gun control, abortion rights Republican who likes tax cuts, he did shy away yesterday from the large tax cut proposal of his political benefactor, George W. Bush, which has been criticized as too large and favorable toward the rich.

Firearms Agency Intensifies Scrutiny of Suspect Dealers

Rifle Association Dismisses Effort as a Stunt

By FOX BUTTERFIELD

The federal Bureau of Alcohol, Tobacco and Firearms is embarking on the most aggressive campaign in its 30-year history to crack down on corrupt gun dealers who help put firearms in the hands of criminals and juveniles, White House and Treasury Department officials said yesterday.

The new enforcement campaign, to be announced by President Clinton at the White House today, will use information developed by the firearms bureau in tracing guns used in crimes. As a byproduct of the tracing, the bureau discovered that just 1.2 percent of federally licensed firearms dealers, 1,020 of them, originally sold 57 percent of the guns used in crimes.

The firearms agency will now intensify its inspections of these suspect dealers, some of whom have not been checked in years. It will also require that some suspect dealers start providing records for the first time of sales of used guns, not just new guns.

The bureau will also require a much fuller and prompter accounting of sales by dealers who claim that many of their guns were stolen or simply disappeared. And it will provide for revoking the licenses of the 31 percent of dealers who say they have not sold any guns in the past year, a possible sign, officials said, that those dealers are actually selling to illegal gun traffickers for a higher price.

"This is a real sea change," said Stuart E. Eizenstat, the deputy secretary of the treasury. "In the lifetime of the A.T.F., this is by far the most aggressive effort it has ever undertaken to deal with suspect dealers."

Under the new program, the firearms bureau will also provide a list, to any manufacturer that asks for it, of that company's guns that have been traced to a crime in the previous year, along with the name of the dealers who sold them.

Gun makers have long contended that they have no way of knowing what happens to their firearms after they leave the factory and so have no way to police their distributors and retailers.

"They will no longer have this little excuse," an administration official said.

In the past, the firearms bureau has been a cautious agency, often under attack by the National Rifle Association and its supporters in Congress, and agents who demonstrated zeal in targeting corrupt dealers were often subject to internal criticism or had their careers truncated, agents say.

The stepped-up enforcement pro-

"With our actions, we are giving Congress a chance to put its money where its mouth is."

But Bill Powers, the rifle association's director of public affairs, dismissed the announcement of the new plan as a publicity stunt that would do nothing to reduce violent crime. "There is nothing new here," he said, adding that "they already have the authority" to do all the things outlined in the plan.

"It is painfully obvious that Bill Clinton and Al Gore don't like people who sell guns, or who own them either," Mr. Powers said. "When you are not doing anything, hold a press conference."

Mr. Clinton's announcement today is part of a broader effort by the administration to expand its gun-control efforts, Mr. Eizenstat said. Last month, Mr. Clinton said he would ask Congress for 500 more agents for the firearms bureau, which as a result of N.R.A. pressure over the years is no larger today than it was when it was established.

The president is also expected to try to win passage this year of a bill to require background checks on all handguns sold at gun shows, a bill that passed the Senate last year but died in the House.

Mr. Clinton's announcement is to be accompanied by the release of what administration officials said

Cracking down on those who supply guns to criminals and juveniles.

would be the first in an annual series of comprehensive reports on the state of the gun industry. The report shows that about 4.5 million new guns are sold in the United States each year, but that the number of handguns has increased from only 10 percent of all firearms sales in the 1940's to more than 40 percent today. Handguns account for the vast majority of gun deaths each year.

The number of federally licensed dealers surged to 284,117 in 1992 from 161,927 in 1973, largely during the Reagan and Bush administrations, making it harder for the A.T.F. to regulate the gun business, since its own number of agents did not increase, the report said.

But after Mr. Clinton became president, and with tougher criteria to maintain a firearms license, the number dropped to 103,942 in 1999, of which 80,570 are actual gun stores or

"That is too high a number," said an administration official. "These kinds of dealers have the opportunity to buy large numbers of guns at wholesale prices and then sell them in the illicit market at a steep markup."

Under the new regulations, every three years, when a dealer applies to renew his license, he will have to show how many guns he has sold in the previous three years, and if he is not actively engaged in the business, his application may be denied.

The report also found that in addition to the 1,020 dealers who are responsible for 57 percent of all the crime guns traced by the bureau, there are 450 dealers and pawnbrokers who sold more than 10 guns in 1998 with what the agency calls "a short time to crime," guns that ended up being used in a crime in less than three years from the date of purchase. The average time to crime is six years.

These dealers, who in some cases may also be in the group with a high volume of crime guns, will now be required to report information to the bureau on their sales of used guns. The agency has had great difficulty tracing secondhand guns because while it may know the name of the original dealer and purchaser, the chain is broken after the gun is resold.

"I think these actions are wonderful news and smart law enforcement," said Dr. Garen Wintemute, director of the Violence Research Project at the University of California at Davis and an emergency-medicine physician. "The A.T.F. is using its new information from gun tracing in a very focused way."

"From a prevention standpoint, the good news is that the number of suspect dealers is very limited, so given A.T.F.'s resources, it can concentrate on these few," said Dr. Wintemute, who has helped analyze some of the tracing information.