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| 001. draft agreement | [Gun Industry] Code of Conduct and Agreement (7 pages) | 12/07/99 | P5 |
| 002. draft agreement | [Gun Industry] Code of Conduct and Agreement (16 pages) | 09/17/99 | P5 |

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Clinton Presidential records
 Domestic Policy Council
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Guns-Smith and Wesson [2]

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The Big Bang

Evolution of a Cause: Why the Gun Debate Has Finally Taken Off

After 30 Years of Status Quo,
Lawsuits and Littleton
Redrew the Battle Lines

Eight Who Made a Difference

A1

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

One morning last summer, Eliot Spitzer, New York state's attorney general, was approached on the street in his Upper East Side Manhattan neighborhood by a short, well-dressed man.

"I'm Donald Zilkha," the man said, handing the attorney general his card. "We should talk."

Mr. Zilkha owns Colt's Manufacturing Co. Mr. Spitzer has threatened to make New York the first state to join the municipal legal assault on guns. And the on-again, off-again settlement negotiations that followed their encounter, involving Colt's and other manufacturers, could lead to a reshaping of the entire firearm industry. Unilaterally, Mr. Zilkha's company outraged gun-rights proponents this month by cutting production of less-expensive civilian handguns — the very weapons that Mr. Spitzer and other government officials want to see curbed.

The once-unimaginable is unfolding.

For 30 years, gun-control advocates failed to enact all but modest regulation of the manufacture and sale of firearms. Gun companies deflected lawsuits like so many spitballs.

Yet today, the industry is enmeshed in broadening litigation that could force it to change its most fundamental marketing and manufacturing practices.

How did this happen? In the space of a few years, a small collection of people — some well-known, some anonymous — contributed to the destabilization of one of the country's oldest industries. The Columbine High School killers spurred a seemingly irresistible demand for tougher federal gun control. National Rifle Association lobbyists resisted strenuously, throwing attention back to the courtroom and state legislatures. Others played important roles: They include an aging activist judge, eager once more to expand the law; a Philadelphia law professor, determined to see someone try his new theory on suing gun makers; and Mr. Zilkha, the wealthy financier, fretting as liability fears strangle his storied firearm company — who found himself on a street corner making a truly remarkable overture.

Barbara Hohlt

The Matchmaker

Historic legal cases often begin serendipitously. Barbara Hohlt was the accidental matchmaker of gun litigation.

A soft-spoken computer programmer, Ms. Hohlt began doing technical work for a gun-control group in 1991. The issue absorbed her, and eventually she became a full-time firearm foe.

Ms. Hohlt, now 56 years old, helped organize demonstrations, the most strik-

ing of which displayed hundreds of pairs of empty shoes, eerily symbolizing victims of gun violence. But enacting meaningful new gun-control laws, either in New York or Washington, proved far more difficult than she had anticipated. Her all-volunteer group, New Yorkers

Against Gun Violence, which operates from a one-room office in lower Manhattan, is no match for the well-funded NRA.

"It can be demoralizing," she says.

It was through her organizing that Ms. Hohlt met Freddie Hamilton, a Brooklyn social-services administrator. In 1993, Ms. Hamilton lost her teenage son, Njuzi Ray, to a bullet she says was intended for another teenager. Ms. Hamilton, 56, says that after the killing, she concluded that manufacturers should be held accountable for the prevalence of guns and that the only place to do this was in court.

"I was sympathetic, of course," recalls Ms. Hohlt, "but what could I do?"

In late 1994, an answer arrived in the form of a phone call from attorney Elisa Barnes. A sole practitioner in New York, she had become convinced it was possible to sue the firearm industry for negligently distributing a dangerous product, much as makers of the antimiscarriage drug DES were sued a decade earlier.

The lawyer had pluck but little big-case experience and, more pertinent, she lacked suitable clients. A mutual friend steered her to Ms. Hohlt, who "said she had some people for me to meet," Ms. Barnes remembers.

Those people included Ms. Hamilton.

In January 1995, Ms. Barnes filed a suit against the gun industry that became known as the Hamilton case. "We put items about it in our newsletter," says Ms. Hohlt, but "it didn't attract that much attention."

At least not at first. Over the next four years, Hamilton would evolve into a threat to the gun industry transcending all of the gun-control projects at which Ms. Hohlt previously had toiled. Aid came from unlikely sources, including financier George Soros, whose foundation in October 1998 gave a grant of \$300,000 to make sure that Ms. Barnes got the case to trial.

"You don't need a legislative majority to file a lawsuit," says Ms. Barnes, who wound up representing the families of seven New York shooting victims. Citing lawsuits against the tobacco industry as a model, she says, "Ultimately it was litigation, and the danger of punitive damages, that brought the cigarette companies to the table" and produced multibillion-dollar settlements in 1998.

The casual connection made by Ms. Hohlt gave the antigun side a weapon that caught the gun industry by surprise.

Jack Weinstein The Trailblazer

Sometimes the judge who hears a novel case makes all the difference. U.S. District Judge Jack Weinstein of Brooklyn, N.Y., was a guiding force behind the Hamilton suit.

Judge Weinstein enjoys reminding visitors that his bland modern court-

house, without imposing columns or marble stairs, signals to ordinary citizens that they can walk in, file a suit, and get his attention. To emphasize his point, the 75-year-old populist wears a business suit in court, rather than black robes.

In landmark cases involving asbestos and the herbicide Agent Orange, he gained a national reputa-

tion for stretching legal principles to force manufacturers to compensate large groups of victims.

Ms. Barnes hoped he would do the same for her. And to steer the Hamilton suit into Judge Weinstein's courtroom, she used a federal procedure allowing an attorney to request a judge who has heard a "related case." In this instance, Ms. Barnes invoked the fact that Judge Weinstein had overseen a mass-injury suit against makers of DES (or diethylstilbestrol), the antimiscarriage drug.

This was a fateful development. For years, judges had repeatedly refused to entertain suits alleging that guns are too dangerous; after all, guns are designed to be lethal. To get around those precedents, Ms. Barnes was groping for a theory with which to prove that the industry as a whole was negligent in distributing guns. Time and again, Judge Weinstein provided a guiding hand.

During a preliminary hearing in June 1995, for example, he suggested to Ms. Barnes: "One of your arguments, I take it, although I am not clear," is that gun manufacturers "oversold the market . . . and this leads to an overflow of the surplusage of arms into hands of non-responsible people."

"Yes, your honor," said Ms. Barnes. "That is absolutely our claim."

In fact, in her original complaint, Ms. Barnes hadn't included what came to be known as the "oversupply" argument, which would become central to her case.

Ms. Barnes "did a heroic job," battling a dozen corporate defense lawyers, but at key junctures, Judge Weinstein "brought Elisa right along," says David Kairys, a law professor at Temple University in Philadelphia who studied the courtroom transcripts and favors the antigun side.

In an August 1996 ruling, Judge Weinstein went beyond any precedent to provide Ms. Barnes a roadmap. There may "come a point," he wrote, "that the market is so flooded with handguns sold without adequate concern over the channels of distribution and possession that they become a generic hazard to the community as a whole because of the high probability that these weapons will fall into the hands of criminals or minors."

Tall and erect in bearing, Judge Weinstein is technically semiretired but continues to handle a heavy workload. His conduct and rulings indicate that he viewed the Hamilton case as another chance, in the twilight of his career, to show how legal innovation can help ordinary people deal with the perils of modern society.



Judge Jack Weinstein

THE WALL STREET JOURNAL

THURSDAY, OCTOBER 21, 1999

The judge, a former Columbia University law professor, at times relied on classroom-style Socratic dialogue to assist Ms. Barnes. In a pretrial hearing in December 1998, for example, he prodded the lawyer to explain how gun makers could be found negligent in connection with sales by retail dealers.

"You were saying," he noted, that the manufacturers' "negligence is in failing to supervise the initial sale to responsible persons."

"Yes."

"Now I have a better idea what you're claiming, how the oversupply of the market and this point of sales are interrelated," the judge said.

"That's going to be the theory, your Honor."

"I didn't see that in your papers."

Ms. Barnes says in an interview that Judge Weinstein "did nothing more than what all other judges do." Judges, she adds, "have views of where the law should go and how things should be." In February, the Hamilton jury became the first ever to find gun companies liable for criminal shootings. After that breakthrough, Ms. Barnes returned to Judge Weinstein's courtroom to file a new suit against the industry—this one on behalf of the National Association for the Advancement of Colored People. Mr. Soros provided financing for that suit, too. Legal papers were served on gun companies this month.

David Kairys The Strategist

A gamutous, bearded man, Temple law professor David Kairys has unimpeachable antiestablishment credentials. Yet he was essential in the next step: bringing city hall into the gun litigation.

In late 1996, he joined a mayoral commission on youth violence in his beloved hometown of Philadelphia and began investigating legal tools for curbing guns. Mr. Kairys, 56, who handles civil-rights and free-speech cases in addition to teaching, quickly decided against suits on behalf of individual victims. "Those had never worked and for a good reason," he says. "When you focus attention on particular shootings, there's always that person pulling the trigger who is more immediately to blame for the bloodshed."

So who should sue? State attorneys general had gone to court against the tobacco industry, seeking reimbursement of taxpayer money spent on cigarette-caused illnesses. Why couldn't Philadelphia sue the gun industry, he mused, demanding that it reimburse the public costs of gun violence: emergency medical and police services?

From there, his thinking moved to his past efforts to mediate among Philadelphia's youth gangs. "These kids said they could get guns on the street pretty easily." This led him to the notion that a "criminal market" in guns endangers a community much like industrial pollution. In legal parlance, such dangers are called "public nuisances." And a city may sue the source of a public nuisance.

Judge Weinstein's pretrial pronouncements in the Hamilton case fortified Mr. Kairys, who by coincidence had been a student of then-Prof. Weinstein in the mid-1960s at Columbia University Law School. "Here was an eminent federal judge writing an opinion that said there was a criminal market in guns," Mr. Kairys says. "My job was to adapt the idea so a city could sue." In early 1997, he wrote a secret memo proposing that Philadelphia take the gun industry to court.

The idea got an ambivalent reception from Philadelphia Mayor Edward Rendell. The mayor, a former prosecutor who



David Kairys

badly wanted to reduce crime, quietly hired Mr. Kairys at a rate of \$150 an hour to draft a nuisance suit. But Mr. Rendell worried that any such lawsuit would be too speculative and expensive to take to trial.

Moreover, a suit could hinder Mr. Rendell's chances if he decided to run for governor of Pennsylvania in 2002. Outside of Philadelphia, the state is a haven for hunters and other legitimate gun enthusiasts.

Mr. Rendell denies that gubernatorial concerns affected his thinking about a gun suit. But he didn't file the Kairys suit, choosing instead to negotiate with gun companies about proposed reforms.

When the mayor's consideration of a suit leaked to the media in July 1997, however, other cities began looking to Mr. Kairys for advice about bringing their own legal actions. He stayed silent, constrained by his confidential lawyer-client relationship with Philadelphia. But he grew impatient. In January 1998, he quit representing Philadelphia, and faxed and mailed more than 100 copies of a litigation blueprint to municipal lawyers around the country.

He had hoped Philadelphia would be the pioneer, Mr. Kairys says, but he "just wanted to get out this work."

He ended up as a legal adviser to most of the 28 municipalities that have sued so far, including Chicago, Los Angeles and San Francisco. And Mr. Kairys's public nuisance strategy would become the centerpiece of that litigation.

James Jay Baker The Enforcer

As the list of cities suing the gun industry lengthened in early 1999, James Jay Baker, the NRA's chief lobbyist, worried about whether his side would show enough backbone.

Mr. Baker's intransigence ironically helped keep the controversy in the courts, where down the road the threat of huge punitive damages could force the industry to accept more radical change.

The Hamilton verdict had already raised the stakes considerably. The jury had concluded that three manufacturers—American Arms Inc. and the U.S. units of Italy's Beretta SpA, and Brazil's Forjas Taurus SA—should

pay a total of \$520,000 damages in connection with one nonfatal shooting.

Publicly, industry executives scoffed at the verdict and the growing number of municipal suits, vowing to fight them all to the finish. But privately, to Mr. Baker's disgust, some of the same executives wondered about the cost of a protracted legal battle and the advantages of compromising and returning to selling guns.



James Jay Baker

Encouraging this more pragmatic view was Richard Feldman, a former NRA operative who headed a trade organization, the American Shooting Sports Council, that was trying to assert itself as the industry's voice. With support from at least two major companies—the U.S. unit of Austria's Glock GmbH and Smith & Wesson Corp., a unit of Britain's Tomkins PLC—Mr. Feldman in early 1999 opened back-channel communications with a consortium of plaintiffs' lawyers representing New Orleans and several other cities.

"We felt we could do business with Feldman," says John Coale, the attorney negotiating for the cities.

When he learned of these overtures, Mr. Baker got on the phone to tell senior industry executives that the NRA opposed any settlement involving more regulation. "Baker was angry and let people know," says one executive. Mr. Feldman, to be sure, had created enemies who viewed him as a grandstander, and officials at some gun companies, including the largest, Sturm, Ruger & Co., would have taken a hard line on their own.

Still, the industry traditionally listens when the NRA speaks, at least partly out of fear that the group can mobilize gun owners to boycott disfavored manufacturers. But by the late 1990s, Mr. Feldman represented a nascent view within the industry that the NRA's no-prisoners approach might not be good for business.

Mr. Baker, 56, who wears cowboy boots to work and chain smokes unfiltered cigarettes, usually has a genial manner common on Capitol Hill. But he plays disciplinarian when he feels he needs to—with members of Congress who take NRA money and with members of his own industry. When gun company executives gathered in February for an industry-wide meeting in Phoenix, Mr. Baker was there, and his approval was much on the other attendees' minds, according to people familiar with the session.

It quickly became clear that Mr. Baker had helped erode support for Mr. Feldman, even among the more conciliatory gun companies. Mr. Feldman's employers, the board of the American Shooting Sports Council, volunteered to permit of him in the name of unity. The settlement initiative was dead, at least for the moment.

The shooting sports council board suggested that Mr. Feldman be replaced by his deputy, Robert Ricker, who was seen as less assertive.

Heads swiveled toward Mr. Baker. Could the NRA live with Mr. Ricker?

It could, Mr. Baker said. Asked about this account, Mr. Baker doesn't deny it. Smiling, he says: "I'm not going to discuss private meetings."

The idea of negotiating a resolution of the lawsuits resurfaced a few months later. But Mr. Baker's behind-the-scenes role in the Feldman ouster remains a vivid reminder of the pressure within gun circles to fight the suits. In late June, the shooting sports council was folded into a rival trade group friendlier with the NRA.

"We'll win this," Mr. Baker says of the litigation. "We don't have to compromise."

Eric Harris & Dylan Klebold The Catalysts

The April massacre in Littleton, Colo., appeared to change everything.

Television bombarded viewers with round-the-clock coverage. The telephones of Handgun Control Inc. jammed solid with calls. And President Clinton proposed what he called "the most comprehensive gun-crime legislation any administration

has put forward in a generation."

Coming after a series of school shootings elsewhere in the country, the carefully planned rampage by Columbine High School students Eric Harris and Dylan Klebold seemed like precisely the sort of lurid evidence that gun foes needed to enact new national gun-control laws and put the industry further on the defensive.

"We hadn't seen a public reaction like this before," says Robert Walker, president of Handgun Control in Washington, the country's largest gun-control organization. "We perceived an historic opportunity."

But the appearance was deceiving. After an awkward initial response, the NRA regrouped and put on an awesome display of high-pressure politicking.

A month after Columbine, the Senate, with much fanfare and a tie vote broken by Vice President Al Gore, approved a package of gun provisions fiercely opposed by the NRA. But as Mr. Walker, 48, concedes, the price of the interim victory was steep.

Gun foes barely pushed through the least controversial provisions—proposed by President Clinton, chiefly a requirement that unlicensed dealers at gun shows conduct background checks on customers, just as federally licensed dealers must. Quickly jettisoned were tougher measures, such as limits on the number of guns a person may buy in a month.

Even this modest victory wouldn't last. By June, as the debate shifted to the House, the NRA recovered its balance. Mr. Baker coordinated a \$1.5 million campaign of radio ads, phone banks and mass faxes, relying on his group's 2.8 million members around the country to warn their congressmen away from backing the modest Senate bill. Mr. Walker's organization had less than one-third the money and one-seventh the members to deploy.

Legislative agility is also part of the story. Mr. Baker cooperated with aides to Michigan Rep. John Dingell, a longtime NRA ally, in drafting a gun-show bill that could be promoted as a variant of the Senate legislation. In fact, the House version contained a booby trap.

Mr. Dingell's bill proposed a 24-hour cap on all gun-show background checks. Since existing law already allowed for 72-hour checks by licensed dealers, the Dingell approach would actually give law-enforcement officials less time to look for criminal histories.

Mr. Baker maintains that the possibility of a three-day wait inhibits legitimate sales. But he admits that his real goal was to see nothing approved—and that is what he got. Gun-control backers decrying a covert weakening of the background check formed an unlikely alliance with program lawmakers opposed to any sort of firearm regulation. The package containing the Dingell bill fell.

The lesson of Columbine, says a triumphant Mr. Baker, is that new gun laws aren't the answer to senseless killings.

Mr. Walker disagrees, pointing hope-

fully to the 2000 presidential race, in which the Democratic candidate is expected to make guns an issue. But for his part, Mr. Walker has decided that after seven years at Handgun Control, he will soon step down. "It takes a lot out of you," he says of the job.

The nationwide furor set off by Messrs. Harris and Klebold in the end provided a reminder of how close to impossible it is to enact serious gun control at the national level. In the view of some gun foes, this reality underscores that if the production and sale of firearms are to be significantly altered any time soon, it will occur by means of litigation.

Donald Zilkha The Wild Card

The NRA's success in Washington provided little solace to Donald Zilkha.

A member of a cosmopolitan clan of bankers and investors originally from Iraq, Mr. Zilkha took a risk in 1994 by acquiring a decrepit Colt's Manufacturing. The company, maker of weapons ranging from civilian handguns to the M 16 military rifle, had lost key defense contracts, failed to modernize its factory, and was then in bankruptcy-court proceedings. As if that weren't enough, Mr. Zilkha didn't know much about firearms.

"We're not gun nuts," the cherubic 48-year-old says of himself and partner John Rigas, 36. "We're businessmen with a business plan."

The plan was to use Colt's as a vehicle to buy other military small-arms manufacturers, and then reset the consolidated company. Mr. Zilkha also hoped to revive the sluggish handgun business by developing a high-tech "smart gun" that fires only for an authorized user.

He made progress over the next few years—and 1999 could have marked a real turnaround. With the acquisition of a rival military-arms maker and the recovery of valuable defense contracts, orders soared this year, reaching a total of nearly \$200 million, a huge amount considering that Colt's (together with its acquisition) had revenue of only \$136 million in 1998.

But then the lawsuits began exploding like artillery shells.

Legal bills poured in, and are expected to reach a total of about \$1 billion in 1999 alone. Insurance will cover two-thirds of that, says Mr. Zilkha, but the remaining \$1 billion is a significant hit for

a still-struggling company that expects to have net income of only about \$2 million this year. Worse, the company's main insurer, American International Group Inc., notified Colt's that it may contest its responsibility for paying any jury award or settlement—a potentially "disastrous situation," says Mr. Rigas. An AIG spokesman declines to comment.

Exacerbating this situation, some of the wealthy investors in a new investment fund set up by Mr. Zilkha specified that they want their millions kept out of the gun industry.

With cash so tight, Colt's couldn't buy nearly enough parts to fill all of its back orders. Delivery schedules slipped. Rather than expanding, factory lines are running at only 70% capacity, or less. At the West Hartford, Conn., gun factory, that translates into a loss of potential rev-

enue of at least \$2 million a month.

If the lawsuits are intended to damage and distract gun companies, they are succeeding, Mr. Zilkha says. "I am spending 70% of the time I devote to Colt's talking to lawyers, rather than planning growth."

He complains that part of the problem for American gun manufacturers is that they operate in what his partner Mr. Rigas calls "an incomplete regulatory environment," in which the companies' responsibility for supervising firearm distribution is unclear. Under pressure from the NRA, Congress exempted the gun business from federal consumer-safety laws. "We would be happy . . . to know what the rules are," Mr. Rigas says, citing the U.S. Food and Drug Administration's role overseeing the pharmaceutical industry.

Seeking to protect what he considers to be a promising defense business, Mr. Zilkha decided to cease production of his company's less-expensive civilian handguns, lay off as many as 200 of its 725 workers in West Hartford, and spin off the smart-gun project into a new company, iColt. As a legal matter, the company can't necessarily erase its potential liability by discontinuing a product line or shifting corporate structure. But as a practical matter, dropping the handguns, which Mr. Zilkha says weren't profitable anyway, could demonstrate his willingness to compromise.

Elliot Spitzer The Deal Maker

The New York attorney general has a similarly pragmatic mindset, but from a reverse perspective.

Far from being a fire-breathing gun abolitionist, he is a realist who sees the municipal litigation as merely a legal terms, but handy as a way to force the industry to accept a new "code of conduct," in exchange for a truce.

Even some of his putative allies are wary. "I think he means well, but he's being used by the industry," says Mr. Coite, the attorney helping to represent New Orleans and several other cities. "He wants a deal so badly that it might not be a good deal."

The surprising thing is that Mr. Spitzer pushed himself to the center of the settlement discussion without even filing a suit of his own.

A former assistant district attorney, Mr. Spitzer skipped the lower rungs of political life to run for attorney general in 1994, at the age of 35. He lost, but ran again last year, and won.

Soon after taking office in January 1999, he ordered his staff to draft a suit that would make New York the

first state to join the antigun litigation—a move that could draw in other states. Simultaneously, he asked subordinates to draft an industry code of conduct—detailed rules on gun marketing and industry monitoring—that he would offer manufacturers as an alternative to a New York suit. In late spring 1999, he launched his strategy by contacting Colt's headquarters in West Hartford. That overture led Mr. Zilkha to approach Mr. Spitzer on Fifth Avenue over the summer.



Eric Harris



Dylan Klebold



Donald Zilkha



Elliot Spitzer

In the months since, there have been a series of meetings and telephone conference calls involving Mr. Spitzer's office and representatives of Colt's, Smith & Wesson, Glock, and other companies. To the dismay of some of the municipal officials who went to the trouble of actually filing suit, Mr. Spitzer's office has become a focal point for still-tentative settlement discussions. This is largely because he has offered the most coherent plan for how the industry might change its behavior to end the legal assault.

Not that Mr. Spitzer's ideas have been warmly received by the gun companies. "He doesn't understand the mechanics of the industry," Mr. Zilkha says. After reviewing a draft of the code of conduct, the gun company owner says, "I told him, 'Your agenda must be political mush.'" (Mr. Spitzer declines to comment on this exchange.)

Neither side will discuss the substance of the talks, but a draft of the code shows that Mr. Spitzer would require all manufacturers to take some of the steps that Colt's has, including ceasing production of less-expensive handguns and trying to develop a smart gun. Mr. Spitzer would also have gun manufacturers supervise retail sales practices and cut off dealers who allow buyers to walk out of the store with more than one gun.

The most controversial proposal is that the industry subject itself to an outside "monitor," similar to the independent officials who oversee wayward labor unions. The gun monitor would have authority to enforce the code and review confidential corporate books.

Last month, industry officials conferred in Washington with Mr. Spitzer and officials representing many, but not all, of the suing municipalities. The industry promised within a period of weeks to produce a formal response to the Spitzer code and other proposals from the government side.

That was before an Ohio state judge in Cincinnati this month issued the first ruling on the merits of one of the suits, dismissing that city's legal action. The judge rejected the suit as an attempt to accomplish through the court system what is really the job of a legislature.

"New York's law is better in this area," Mr. Spitzer notes. He still has his lawsuit sitting in a desk drawer, ready to go.

THE WALL STREET JOURNAL

THURSDAY, OCTOBER 21, 1999

SAFETY AND CRIME AT HEART OF TALKS ON GUN LAWSUITS

MAKERS AND CITIES MEET

Efforts for a Settlement Turn on Protective Devices and Crackdown on Dealers

A By FOX BUTTERFIELD

In their first major meeting with officials from cities that are suing the firearms industry, the nation's leading gun manufacturers, trying to get the suits dropped, have agreed to begin negotiations to improve gun safety and reduce the flow of weapons to criminals.

Gun executives who attended the meeting said they would quickly respond to a list of the cities' demands, including mandatory safety devices on weapons and a crackdown on corrupt gun retailers.

If an agreement can be reached, municipal officials said, they will withdraw their suits, which demand hundreds of millions of dollars in compensation for the cost of gun violence on their streets.

The firearms industry had previously resisted talks with its opponents, insisting that it could prevail in court against any lawsuits, as it almost always has. So the very meeting of the two sides, which was held in Washington on Monday, was seen as highly significant by the participants.

"There were some manufacturers on our side," one industry executive said, "who two or three months ago would never have expected to go to such a meeting."

Pressure had been growing on the gun makers, however, as the first several of the lawsuits filed by 28 cities and counties moved into or near the discovery phase, which the plaintiffs maintained might well uncover damaging corporate documents. Such documents proved crucial in producing settlements between the states and the tobacco industry last year.

More pressure came later this week, as a California appeals court cleared the way for a trial in which a gun maker, Navegar Inc., could be held liable for a murderer's use of its product. In addition, the Colt's Manufacturing Company, one of the nation's oldest gun makers, trying to lessen its own risk from litigation, acted this week to reduce its role in producing handguns for the consumer market.

The participants at the Washington meeting cautioned that the talks were preliminary and that many obstacles to a settlement remained. Some gun makers, most notably the so-called Ring of Fire companies that encircle Los Angeles and produce cheap guns favored by criminals, were not invited. Also uninvited was a leading opponent of the industry, John Coale, a Washington lawyer whose legal team is representing five cities, including New Orleans and Newark. And several other cities, including Chicago and Detroit, which feel they have very strong

cases against the industry, did not attend.

But one reason for optimism, some participants said, is that Robert Delfay, president of the National Shooting Sports Foundation, the industry's major trade organization, was behind a carefully developed framework that provided common ground for both sides in the talks.

Mr. Delfay, who has close ties to the National Rifle Association, stressed that the discussions should focus on ways to reduce accidental shootings and curb the flow of guns to criminals. Agreement on that focus, along with a willingness on the part of most cities to drop their demand for money, led one industry lawyer to remark, "I don't think I've ever been at such a meeting where both sides want the same thing."

The municipalities' demands were presented by Jim Hahn, the City Attorney of Los Angeles, an easygoing man who is said to have made a good impression on the industry officials.

Perhaps the most important and far-reaching of the demands was that the gun companies establish tighter contractual control over their chain of distribution to wholesalers and then retailers, and so curb the supply of handguns to criminals and juveniles through corrupt dealers. Any dealer who was found by Federal tracing to be providing a sizable number of guns used in crimes would lose his supply of products from the manufacturer. Until now, the gun makers have denied that they bear any responsibility for what happens in a gun after it leaves the factory.

To enforce the agreement, the cities would require that it be entered as a consent decree by courts in the states where the cities suing the gun industry are situated. An independent monitor, picked by the cities and approved by the gun makers, would be appointed with authority to oversee the agreement. The gun companies would pay for the monitor, who could be removed only for serious breach of duties. Lawyers involved in the talks said.

The idea for the monitor came from Elliot J. Spitzer, New York State's Attorney General, who helped get the talks started by threatening to file the first state suit against the gun makers but then delayed it to give them a chance to negotiate. Mr. Spitzer attended the Washington meeting, as did Richard Blumenthal, Connecticut's Attorney General, who has also threatened to sue.

The most prominent gun company executive in attendance was Ed Shultz, the chief executive of Smith & Wesson, the nation's largest firearms manufacturer. Also present were officials from Sturm, Ruger & Company, Colt's Manufacturing, O. F. Mossberg & Sons, Taurus, Glock and Beretta.

Among other steps that the compa-

nies would have to take under the demands put forward by Mr. Hahn would be agreement to stop selling handguns at gun shows or on the Internet, a ban to advertisements claiming that handguns increase safety in homes and support for limiting customers to one handgun purchase a month, a way to try to stop illegal traffickers and straw purchasers who buy guns to resell to criminals or juveniles.

The one-gun-a-month idea, which is now law in Virginia and California, has been strongly opposed in the past by industry executives, who describe it as profit-compromising interference that will do little to stop criminals. Gun executives at the Washington meeting asked the cities instead to agree to lobby Congress for an increase in the budget of the Bureau of Alcohol, Tobacco and Firearms so that the agency can better monitor dealers and trace more guns used in crimes, and to push the Justice Department to get United States attorneys to prosecute gun traffickers more vigorously. The cities are happy to support those proposals but hardly find them sufficient.

As for gun safety, the cities said the companies should be required to provide by next year external locks on all guns and to incorporate by 2004 new technology, still under development, that would personalize a gun so that only its owner could fire it.

One city attorney who took part said Mr. Hahn had presented the proposals as a wish list but had told the gun companies that if they did not agree to almost everything on the list, the cities would go ahead with their lawsuits.

"We regard this as a sweet deal" for the gun makers, this lawyer said, because the cities would be giving up the potential for hundreds of millions of dollars in claims.

Detroit and Chicago did not take part, a lawyer familiar with their thinking said, "because the tobacco companies only made concessions when they realized they could lose, and the gun companies don't yet believe they will lose."

"Right now," the lawyer said, "they are just putting up a smoke-screen."

Mr. Coale, whose group of lawyers represent New Orleans, Atlanta, Cleveland, Cincinnati and Newark, said he too felt that the gun companies were not yet ready to negotiate seriously. He held earlier talks with Robert Ricker of the American

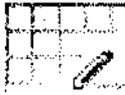
Shooting Sports Council, another industry group, only to see Mr. Ricker fired for daring to meet with him.

"I think Spitzer and Blumenthal are being used," Mr. Coale said, "to make it look like the gun industry is reasonable."

On the other side, Bruce Jennings, who owns B. L. Jennings Inc., a large gun wholesaler in Nevada, and has close ties to the group of handgun makers around Los Angeles, said some of those California companies had been invited to attend, or even formed about the talks by Mr. Delfay, breeding suspicion that any agreement would be reached at their expense.

The exclusion of the California companies from the talks underscores one of the major differences between this latest development and the negotiations that eventually produced a settlement between the states and the tobacco industry. There are only a handful of cigarette companies, and, while competitive, they had a largely unified negotiating stance. But the gun industry is made up of many small, often barely profitable companies that are characterized by different cultures and dislike one another.

One of the California gun makers, Davis Industries, in part to avoid the municipal suits, has filed for Federal bankruptcy protection, a tactic that the others in the Ring of Fire group may copy.



Deanne E. Benos
12/09/99 12:37:26 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Leanne A. Shimabukuro/OPD/EOP@EOP
Subject: FYI -- Interesting News on Gun Prosecutions in Texas.

With all of the guns they have in Texas, apparently Governor Bush believes that it is a worse crime to be a "bad shot" than to lie on a background check form. . . .

Dec. 8, 1999, 10:55PM

State laws on firearms miss mark

DPS knew of felons applying for permits

By CLAY ROBISON

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AUSTIN -- Despite Gov. George W. Bush's vow to crack down on gun-law violators, state officials sat on information that several hundred convicted felons in Texas may have broken state and federal gun laws.

The Texas Department of Public Safety obtained the information over the past four years while screening applicants for concealed handguns.

Although felons were denied handgun permits, they could have broken the law merely by getting gun-safety training at a firing range. Federal law prohibits felons, even those who have completed prison sentences or parole, from possessing firearms.

The DPS didn't refer their cases to federal officials for possible prosecution. Many, perhaps most, applicants train with their own guns, a spot check of firing ranges indicates.

And the agency didn't refer any cases to state prosecutors, either. A less strict state law also restricts gun possession by felons.

In considering handgun permits, the DPS conducts a criminal background check only after an applicant has taken the firearms training and submitted a complete application, including criminal history and fingerprints.

Nina Butts, a gun-control lobbyist who uncovered the felons' applications through an open-records request to the DPS, said she was surprised that the records weren't referred to prosecutors.

"I am shocked at the hypocrisy of claiming to support enforcement of existing

gun laws as a solution to gun violence, while ignoring hundreds of felons in Texas, presumably in possession of guns illegally, who have essentially turned themselves in to the state," Butts said.

From Jan. 1, 1996, when the state started issuing handgun licenses, through this past Aug. 31, the DPS denied 2,658 applications and approved 196,624 others. Felony convictions were given as the reason for denying more than 600 of the unsuccessful applications, according to records released by the agency.

In more than 100 other cases, felony charges were cited without clarifying whether there had been a conviction. But the DPS may have concluded that those were convictions because the concealed handgun law doesn't disqualify people who are charged with a crime but acquitted.

Many of the cited offenses were drug and other nonviolent convictions that were more than 20 or 30 years old. Those would likely be of little interest to prosecutors. But many others were for murder, aggravated assault and other violent offenses, some of them fairly recent.

An undetermined number also involved people who had successfully completed a special form of probation called deferred adjudication. Those could legally possess firearms under state or federal law but still couldn't obtain a state handgun license, the DPS said.

Spokeswoman Teja Mange said the DPS didn't turn the information over to prosecutors because "there were other things that were more of a priority." She said that policy is being changed, since Bush and Texas Attorney General John Cornyn have created a special program to clamp down on gun violations.

Under that program, dubbed Texas Exile, Cornyn is hiring eight assistants to help state and federal authorities seek tougher sentences for criminals who use guns.

It is being funded with a \$1.6 million grant from the governor's office and was initially announced by Bush and Cornyn on Sept. 21, a few days after a gunman killed seven people in a Fort Worth church.

Bush, who signed Texas' concealed handgun law in 1995 and drew criticism from gun control advocates during this year's legislative session, has repeatedly called for tougher enforcement of existing gun laws.

He vowed to "vigorously enforce our current gun laws" when he announced the Texas Exile grant.

Bush spokeswoman Linda Edwards said Wednesday that the governor learned earlier this fall that the DPS, whose governing board he appoints, was not sharing its information about felons with prosecutors.

"As soon as he became aware of it, Governor Bush provided leadership to get DPS officials to start forwarding every one of those cases to Texas Exile officials," Edwards said.

Mange said the DPS will send all records on handgun applicants with criminal records to the Texas Exile program.

"We've pulled all the records that we've had at this point that the Texas Exile prosecutors may want to look at," she said. "We're sending everything over to them."

Mange said the agency decided to change the policy within the past several weeks, after learning of the new program. The attorney general has been promoting it in news conferences around the state this week.

However, it was unclear what influence the inquiries from Butts, the gun control lobbyist, may have had on the DPS' decision.

Butts said that as recently as Oct. 5 -- two weeks after Bush and Cornyn first announced Texas Exile -- the DPS' top lawyer told her that information from felons' handgun applications wasn't being forwarded to any other agency.

"It wasn't clear to us at that point that these were the types of cases they might be interested in," Mange said.

Mange said the applicants did not try to hide their criminal records from the DPS. However, they apparently thought that since their offenses were many years old or they had received deferred adjudication, they could get a license.

U.S. Attorney Bill Blagg of San Antonio said he was unaware DPS had been withholding information about felons and guns.

Federal prosecutors, he said, may not be interested in many of the cases, particularly older ones involving nonviolent crimes. However, he said he was glad to learn that the agency would now be sharing its records with the Texas Exile program because "that's something worth looking into."

"There may be a lot of people that you scoop up in that net (the new crackdown)," he added. "There's going to be some worthy targets for prosecution."



U.S. Department of Justice

Office of the Associate Attorney General

Washington, D.C. 20530

FACSIMILE TRANSMITTAL COVER SHEET

DATE: 12/7/99

TO: Beth Nolan

FACSIMILE NO: 456-6279

TELEPHONE NO: 456-2632

FROM: Daniel Marcus

FACSEMILE NO: (202) 514-0238

TELEPHONE NO: (202) 514-9500

NO. OF PAGES: 4 (w/cover)

COMMENTS:



Beth -

12/7

Here are our
thoughts on
toning down
these talking
points.

Dan

DOT Comments

DRAFT TALKING POINTS

Various public hearing authorities, all under HUD's guidance are
 • ~~In an effort to change the way the gun industry does business, the Administration is seriously considering a lawsuit on behalf of public housing residents, (as well as executive action to require gunmakers that sell guns to the federal government to comply with an industry code of conduct.)~~

Asking HUD and the PHAs to
 • The Administration is actively ~~considering a lawsuit on behalf of public housing residents, but is holding off for now to determine whether a strong settlement can be achieved.~~ Over the past several months HUD has looked closely at the viability of a lawsuit that would be brought by public housing authorities against the gun industry. ~~After consulting widely with legal experts, HUD has concluded that a suit would indeed be viable, and is prepared to file if necessary. The Administration would prefer a strong comprehensive settlement, and will try to secure one before going to court. However, if the talks fail to produce an acceptable agreement, HUD and the public housing authorities are prepared to proceed with a lawsuit.~~ *The PHAs are however.* Given the impact that gun violence has had on public housing authorities, and recent victories by plaintiffs in a California appeals court and a federal district court in New York, such a suit poses a serious threat.

~~• (The Administration will also inform the industry that it is seriously considering executive action to change federal procurement policy to require manufacturers that sell guns to the federal government to comply with a code of conduct. Such a code of conduct might include, for example: distribution controls to prevent firearms from slipping into the illegal market; safety measures to prevent accidental death and injury; and restrictions on advertising to criminals and juveniles.)~~

to
 • The Administration hopes ~~these actions will spur a settlement in ongoing talks~~ between cities and states and the gun industry. For the past several months, talks have been under way between gunmakers and states and cities that have brought suit against the industry. For some time now, the Administration has been coordinating strategy with negotiators for the cities and states in an effort to achieve the strongest possible settlement. In the next several days, the Administration will engage the industry in an effort to spur a comprehensive settlement.

Any settlement should have
 • ~~The Administration will seek strong remedies with teeth. The Administration does not intend to seek monetary damages as part of a comprehensive settlement. Instead, the Administration will join the cities and other parties in asking for a number of reforms that encompass and go beyond those contained in the code of conduct. This list is a work in progress that has been developed in consultation with the Treasury and Justice Departments to address public safety concerns with regard to the gun industry's conduct. Remedies being considered include:~~ *The Administration does not intend to seek monetary damages as part of any settlement, indeed, the*

Distribution controls. Manufacturers could be required to work with law enforcement to establish a system to monitor sales by dealers and distributors linked to crime gun trace information, computerize inventory systems, provide comprehensive employee training, establish security protocols, and cooperate in ballistics testing programs. Manufacturers

could also be prohibited from selling to dealers who sell semiautomatic assault weapons to youth under 21 and large capacity ammunition clips, and who permit multiple handgun purchases within a 30-day period.

Safety Measures. Manufacturers could be required to ensure that guns have existing safety features (e.g., trigger locks, chamber loaded indicators, magazine disconnect safeties), and meet certain safety standards similar to those applied to imported firearms. They could also be prohibited from producing firearms with certain criminal-friendly features such as easily obliterated serial numbers.

Advertising. Manufacturers could be restricted from advertising that targets juveniles or criminals and potentially near public housing authorities.

- The Administration will continue to do everything in its power to keep guns out of the wrong hands, even as Congress fails to act. We will continue to press for strong, common-sense gun legislation. A negotiated settlement can secure many public safety gains, but Congress still has a responsibility to close loopholes in our gun laws. ~~Administration officials believe that Congress's failure to address public concerns about the gun issue leaves unbartered manufacturers no choice but to agree to a negotiated settlement or face the risk of potentially bankrupting verdicts.~~ The President and Vice President are determined to make progress on gun safety, with or without help from Congress.

III. Possible elements for code of conduct

While we would leave the specifics of the code of conduct for the Secretary and the Attorney General to determine, we could indicate in the Executive Order that it should address general elements such as distribution controls, safety measures, and advertising. The elements below have been developed in consultation with Treasury and Justice. Of course, we would want to secure inter-agency consensus on some or most of the specifics before the order is ultimately signed. And we will also have to sound out any concerns that federal law enforcement agencies may have with the possible consequences of this course of action.

Distribution controls. The code could be drafted to impact both manufacturers/importers as well as dealers/distributors. Among some of the specific requirements for manufacturers could include: computerization of inventory systems that can facilitate linkages to the ATF tracing system; comprehensive employee training; establishment of security protocols; and ballistics testing. In addition, the code could require manufacturers to sell only to dealers that: computerize their inventory to speed crime gun traces; meet security standards; agree not to sell semiautomatic assault weapons to youth under 21 or to dealers under indictment; and refrain from selling large capacity ammunition clips.

for shipping + atfy

Safety Measures. The code could require manufacturers to ensure that guns have existing safety features (e.g., chamber loaded indicators, magazine disconnect safeties), and meet certain "safety" standards similar to those applied to imported firearms. The code could also prohibit manufacturers from producing firearms with certain criminal-friendly features such as easily obliterated serial numbers.

Advertising. The code could restrict manufacturers from advertising that targets juveniles or criminals or advertising on cable television.

"global effort"

Cities -

10,000 gun crimes in ¹⁰⁰ largest PHAs

distribution chain

- bad dealers
- code of conduct - compliance + straw purchases

common sense safety features

- magazine disconnect
- load indicators
- smart guns

advertising

- stop targeting criminals + kids

**DRAFT
GUN INDUSTRY ACCOUNTABILITY PLAN**

I. Distribution controls

Code of conduct for manufacturers and importers. Manufacturers and importers could be required to follow a code of conduct that would be established in the agreement. For example, this code could require manufacturers and importers to: (1) establish a director of compliance to ensure compliance with the agreement and firearms law; (2) develop and complete continuous training programs for their own employees; (3) develop continuous training programs for their dealers and distributors covering topics such as security and "know your customer"; (4) establish security procedures for their factories and for shipping; (5) computerize their inventory system to facilitate linkage with the ATF tracing system (with an exception for manufacturers or importers that handle under a threshold volume); (6) forego sales to dealers or distributors under indictment; (7) fund a non-profit organization to research non-intentional shootings to identify causes of and possible ways to prevent gun death and injury.

Code of conduct/screening system for distributors and dealers. Manufacturers and importers could be required to follow a code of conduct that would be established in the agreement and to implement a screening system for the distributors and dealers to which they sell their guns. For example, this code could require manufacturers and importers to sell only to dealers and distributors that agree to: (1) operate out of storefront business locations (dealers only); (2) meet specific security standards; (3) computerize their inventory, including all acquisition and disposition information, to help speed crime gun traces (with an exception for dealers and distributors that handle under a threshold volume); (4) postpone all gun transfers until the FBI issues an approval (even if it takes longer than the legal three-day period) (dealers only); (5) verify that all employees undergo continuous training on subjects such as compliance with gun laws, identifying straw purchasers, and securing inventory [manufacturers and importers could be required to develop and provide such training]; (6) agree not to sell semiautomatic assault weapons to youth under the age of 21; (7) forego sales to dealers under indictment; (8) refrain from selling large capacity ammunition feeding devices or other weapons with features that may facilitate criminal activity; and (9) refrain from selling firearms made or imported by companies that are not party to the agreement.

System to monitor sales by dealers and distributors. The parties to the agreement could develop a system under which manufacturers and importers would monitor sales of their products by distributors and dealers. This monitoring system would be subject to third-party review and oversight, and its findings would be available to federal law enforcement. Under this system, manufacturers and importers would impose sanctions, including suspension and termination of supplies, on dealers or distributors that (1) violate the code of conduct (below) or (2) are substantially associated with crime guns (from any manufacturer or importer), as determined by a measure based on ATF trace data. To determine which dealers and distributors are substantially associated with crime guns, dealers could be required to maintain records of all trace requests initiated by ATF and could be subject to audits and inventory checks by manufacturers, importers, and the third-party monitor. A measure—which would be based on

the number of trace requests to a particular dealer or distributor and other indicators—would identify those dealers sufficiently associated with crime guns to warrant action by manufacturers and importers.

Limiting multiple handgun sales. Dealers could be prohibited from selling more than one handgun to an individual within a 30-day period. This concept is consistent with the Administration's legislation, although it is a less comprehensive version that does not require legislation. Other limits have been proposed to limit multiple sales, including enhanced waiting periods for subsequent purchases. This could be made part of the code of conduct for dealers.

Ballistics testing. Manufacturers and importers could be required to enter into partnerships with ATF and/or FBI to create a database for identifying crime guns through ballistics data. This would require manufacturers and importers to test shoot every gun before it is sold and record casing imprints and serial numbers on the database. This would give law enforcement a new tracing tool when only bullets and/or casings are left at the crime scene. ATF already has a voluntary ballistics testing system with Glock.

II. Safety measures

Existing safety features. Manufacturers and importers could be required to ensure that guns sold in the United States have existing safety features such as internal trigger locks, chamber-loaded indicators, and magazine disconnect safeties, or that they have comparable features that accomplish the same purposes as these existing technologies. This would take the next step beyond the Administration's current proposal to require dealers simply to sell child safety locks or other safety devices with handguns.

Banning criminal-friendly features. Manufacturers and importers could be prohibited from including features that facilitate criminal activity or make it more difficult to apprehend and prosecute criminals, such as easily obliterated serial numbers or ability to accept large capacity ammunition feeding devices designed for military use. They could also be prohibited from selling their firearms to dealers that carry any of these kinds of products in stock. Manufacturers and importers could be required to produce weapons with features that assist law enforcement, such as serial numbers that are impervious to defacing.

Safety Standards. Manufacturers and importers could be required to make or import guns that conform to safety standards set forth in the agreement. These safety standards would need to be developed; they could include requiring guns to pass certain tests (e.g., drop and jam tests). In addition, guns manufactured in the United States could be subject to the same factoring test that currently governs guns imported into the United States, as required by legislation pending in Congress that was not included in the Administration's gun bill. The factoring test measures a firearm's suitability for sporting purposes and screens out poor-quality guns; it does not necessarily correlate to safety. Without participation by the Ring of Fire companies, however, this proposal may not have a broad impact.

Personalized technology. Manufacturers and importers could be required to develop and employ safety features, such as smart gun technology, within a particular time frame.

measure safety. Separately, we are considering whether we should reexamine the current factoring standards.

Personalized technology. As the current paragraph recognizes, we need to become considerably more educated about the feasibility of personalized technology.

III. Advertising

Advertising. The FTC should be consulted on this proposal. According to the Journal of the American Medical Association (JAMA), firearms are advertised in gun and general interest magazines; long guns are also advertised on national cable television stations. The JAMA and other articles focus on the possible misleading effects of firearm advertisements that promise home protection. We have noted this concern in the attached draft.

CALL TO Los Angeles County Supervisor Gloria Molina
213-974-4111. →

L.A. County Counsel William Pellman has recommended that the County Council not sign on to the Smith & Wesson agreement, citing a number of details that he believes could have been made stronger. This call is to bolster our arguments for why the Smith & Wesson agreement is as strong as it could be, why future agreements will be stronger, and why it is critical for the cities and counties that have filed suit to stand together now.

Background:

In terms of substantive objections, Pellman has sent a letter outlining his concerns about the Smith & Wesson agreement, arguing that:

- the most stringent state standards on safety features should be the national minimum;
- firearms should be designed so that *any* child under 6 cannot fire the weapon;
- magazine disconnects should be mandatory on all pistols;
- the agreement fails to make progress in eliminating "kitchen-table" dealers;
- restrictions should be added on Internet sales, multiple sales, gun kits, straw purchases, and sales at gun shows;
- the agreement leaves too many details open with respect to the Oversight Commission and opens the County to unlimited liability;
- enforcement by consent decree is not ensured or sufficient without monetary sanctions.

Pellman is also threatening to call a separate meeting of plaintiffs.

There are three basic responses to the substantive concerns that Pellman raises:

First, in any negotiation, there has to be some give and take, and the provisions that he considers too weak have to be viewed in the context of the entire agreement – an agreement that makes unprecedented progress on issues of design, distribution, advertising, cooperation with law enforcement, and oversight.

Second, the Smith & Wesson agreement is a floor, and any future agreements will have to include stronger provisions. We have always said that the first manufacturer to settle gets the best deal, and the concerns L.A. County raises are appropriate grist for future negotiations. Moreover, the more current litigants that keep fighting the Smith & Wesson suit, the more difficult it will be to settle future suits.

Finally, many of the substantive concerns are actually off the mark:

- the child-safety provision's use of the term "readily operated" merely sets a realistic operating threshold, it does not leave any children out of the provision;
- several provisions of the distribution section will attack the problem of kitchen-table dealers, such as the requirements that an authorized dealer possess a valid federal firearms license, carry at least \$1 million in insurance, maintain inventory tracking and security plans, and maintain an electronic record of all ATF trace requests;
- the Oversight Commission details are currently being worked out (and L.A. County will not be able to participate in its formation if it hesitates too long to join);

- costs of the Oversight Commission are entirely at the discretion of the parties to the agreement - if local governments don't want an open-ended obligation, they are under no compulsion to do so; and
- the sooner L.A. County signs on to the agreement and enters it into court as an enforceable consent decree, the sooner enforcement can kick in.

On a separate note, Supervisor Molina may also raise concerns with the way the agreement was negotiated and then communicated to the litigants. It is important to emphasize the contingencies of the negotiation and the fact that we sought, and received, L.A. County's substantive input at several points in the process.

Appreciate our leadership

Troubling

- need to be part of process
- big gun

All of us read about it in the paper

WHL - in the loop

① Our lawyers need to be part of it

② Certain aspects - concerned

- no enforcement mechanism - real teeth

Concern lawyers

Interested in signing on

Pete Gugliardi
forensic Tech.

- web based tracing
- how to bring in large group of dealers

Gluck/AB - next 2 weeks
Randi Ross, DOT Bureau division

Wholesalers

- afraid of what's happening

why haven't ammo cos
been named?

- that's where the \$ is
- Remington; Blunt
- Winchester ammo

(gun co - Christ/Broning
near Winchester)

Gluck, Beretta - next to go
(big contractor)

AGREEMENT

Preamble

The manufacturer parties to the Agreement and the Department of the Treasury, the Department of Housing and Urban Development, and the undersigned state, city and county parties to the Agreement enter into this Agreement to reduce the criminal misuse of firearms, combat the illegal acquisition, possession and trafficking of firearms, reduce the incidence of firearms accidents, and educate the public on the safe handling and storage of firearms. Furthermore, the manufacturer parties to the Agreement enter into this Agreement as a continuation of their efforts to make their firearms as safe as practicable for their customers and the public. Accordingly, in consideration of the commitments set forth below:

1. The undersigned state, city, and county parties to the Agreement dismiss the manufacturer parties to the Agreement with prejudice from the lawsuits specified in Appendix A subject to any consent orders entered pursuant to paragraph VIII; and
2. The undersigned state, city and federal parties to the Agreement agree to refrain from filing suit against the manufacturer parties to the Agreement on an equivalent cause of action.

The parties agree that this Agreement constitutes the full and complete settlement of any and all claims that were raised or could have been raised in the subject litigation. The parties agree further that this Agreement does not constitute an admission of any violation of law, rule or regulation by the manufacturer parties to the Agreement, or any of their employees. Nothing in this Agreement shall be construed to be an admission of liability. The adoption of standards for firearms design and distribution in this Agreement shall not be construed as an admission by the manufacturer parties to the Agreement that practices they engaged in prior to the execution of this Agreement were negligent.

I. Safety and design.

A. Each firearm make and model sold by each manufacturer party to this Agreement shall be tested by ATF or an agreed upon proofing entity against the following standards. Existing makes and models shall meet these standards within 60 days of execution of this Agreement unless a longer period is specified in the standard. New makes and models shall not be manufactured and sold after the execution of this Agreement unless they conform to these standards.

1. Standards applicable to all handguns:

- a. **Second "hidden" serial number.** The gun must have both a visible serial number on the exterior of the frame or receiver, as well as a second serial number hidden on the interior of frame or receiver (e.g., under the grips) or visible only with the aid of an optical instrument.
- b. **External locking device.** As an interim measure, until the implementation of I.A.1.c, within 60 days of execution of the Agreement, each firearm shall be supplied with an external locking device that effectively prevents the operation of the firearm when locked.
- c. **Internal locking device.** Within 24 months of execution of the Agreement, each firearm shall have a built-in, on-board locking system, by which the firearm can only be operated with a key or combination or other mechanism unique to that gun.
- d. **Authorized user technology.** The manufacturer parties to this Agreement shall each commit two percent of annual firearms sales revenues to the development of a technology that recognizes only authorized users and permits a gun to be used only by authorized persons. Within 36 months of the date of execution of this Agreement, this technology shall be incorporated in all new firearm

designs, with the exception of curios and collectors' firearms. This requirement does not apply to existing designs currently in production.

If the eight firearms manufacturers and/or importers with the largest United States firearms sales volume agree to incorporate authorized user technology in all firearms, the manufacturer parties to this Agreement will incorporate authorized user technology in all firearms.

- e. **Child safety.** Within 12 months of execution of the Agreement, each firearm shall be designed so that it cannot be readily operated by a child under the age of 6. Such mechanisms include: making the trigger pull resistance at least ten pounds in the double action mode; or designing the firing mechanism so that an average five year old's hands would be too small to operate the gun; or requiring multiple, sequenced actions in order to fire the gun.
- f. **Minimum barrel length.** Each firearm make and model must have a barrel length of at least 3", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- g. **Performance test:** A sample of each firearm make and model will be test-fired with "proof cartridges" (cartridges loaded to generate excess pressure as set forth in accepted specifications for proof cartridges) to ensure the integrity of the material. At least one cartridge shall be fired from each chamber. Following this test firing, the firearm will be examined for hairline cracks or other signs of material failure and

will pass this test only if there are no hairline cracks or other signs of material failure. Each firearm make and model shall also pass the following performance test: the gun shall fire 600 rounds, stopping only every 100 rounds to tighten any loose screws and to clean the gun (if required by the cleaning schedule recommended in the manual), or as needed to refill the empty magazine or cylinder to capacity before continuing. For any gun that loads other than with a detachable magazine, the tester shall pause every 50 rounds for ten minutes. The tester shall use the ammunition recommended in the user's manual, or if none is recommended, any standard ammunition of the correct caliber in new condition. A gun shall pass this test if it fires the first 20 rounds without a malfunction and the full 600 rounds with no more than 6 malfunctions and without any crack or breakage of an operating part of the gun that increases the danger of injury.

Malfunctions caused by failure to clean and lubricate, or by defective ammunition, shall not be counted.

- h. **Drop test.** Pass the more rigorous of: (a) the SAAMI Standard drop test in effect on the date the firearm is sold; or (b) the following test: The gun shall be test-loaded, set such that it is ready to fire and dropped onto a steel plate or equivalent material of similar hardness from a height of one meter from each of the following positions: (1) normal firing position; (2) upside down; (3) on the grip; (4) on the muzzle; (5) on either side; and (6) on the exposed hammer or striker (or, if no exposed hammer or striker, on the rearmost part of the gun). If the gun is so designed so that its hammer or striker may be set in other positions, it shall be tested with the hammer or striker in each such position (but otherwise ready to fire).

2. Additional standards for pistols:

- a. **Safety device.** The pistol must have a positive manually operated safety device as determined by standards relating to imported guns promulgated by ATF.

- b. **Minimum length and height standards.** The pistol's combined length and height must not be less than 10" with the height being at least 4" and the length being at least 6", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- c. **Magazine disconnecter.** Within 12 months of execution of the Agreement, each pistol shall have a magazine disconnecter available for those customers who desire the feature.
- d. **Chamber load indicator.** Within 12 months of the execution of the Agreement, each pistol shall have a chamber load indicator painted in a prominent, contrasting color or a feature that allows the operator physically to see the round in the chamber.
- e. **Large capacity magazines.** No pistol make or model designed after January 1, 2000 shall be able to accept magazines manufactured prior to September 14, 1994, with a greater than 10 round capacity, and such models shall not be capable of being easily modified to accept such magazines. Nor shall ammunition magazines that are able to accept more than 10 rounds be sold by the manufacturer parties to this Agreement or their authorized dealers and distributors. See Part II.A.1.h, below.
- f. **Additional safety features.** Each pistol must have a firing pin block or lock.

3. **Additional standard for revolvers.** Each revolver make and model must pass a safety test. Each make and model must have a safety feature which automatically (for a double action revolver) or by manual operation (for a single action revolver) causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge. The safety device must withstand the impact of a weight equal to the weight of the revolver dropping from a distance of 1 meter in a line parallel to the barrel upon the rear of the hammer spur, a total of 5 times.

B. **Law enforcement and military exception.** An exception to a requirement of paragraph A may be granted for firearms manufactured or imported for sale to a law enforcement agency or the military if the law enforcement agency or military organization certifies to the manufacturer party to this Agreement that the exception is necessary for official purposes. Where a law enforcement agency authorizes or requires its officers to purchase firearms individually for official use, an appropriate certification from the agency will be permitted to apply to sales to a number of individual officers. The manufacturer party to this Agreement shall maintain the certification in its records and provide a copy to the Oversight Commission. Firearms sold to law enforcement or the military pursuant to this exception, which do not comply with the design standards of this Agreement, will be accompanied by a statement:

1. "On [date], [manufacturer parties to this Agreement] and [governmental parties to this Agreement] entered into an Agreement establishing certain design standards for firearms sold to civilians. Pursuant to that Agreement, we are obliged to inform you that this firearm does not comply with all of the design standards of the Agreement. We are further obliged to request that you not resell this firearm to civilians. This statement is not intended to suggest that there are any design flaws with this firearm, and you remain entitled to dispose of it in any lawful manner."

C. Warnings about safe storage and handling. Within 6 months of execution of this Agreement, manufacturer parties to this Agreement shall include in the packaging of each firearm sold a warning on risk of firearms in the home and proper home storage. At a minimum, these warnings shall state in 14 point type, bold face:

“This handgun is not equipped with a device that fully blocks use by unauthorized users. More than 200,000 firearms like this one are stolen from their owners every year in the United States. In addition, there are more than a thousand suicides each year by younger children and teenagers who get access to firearms. Hundreds more die from accidental discharge. It is likely that many more children sustain serious wounds, or inflict such wounds accidentally on others. In order to limit the chance of such misuse, it is imperative that you keep this weapon locked in a secure place and take other steps necessary to limit the possibility of theft or accident. Failure to take reasonable preventative steps may result in innocent lives being lost, and in some circumstances may result in your liability for these deaths.”

D. Illegal firearms. The manufacturer parties to this Agreement shall not sell firearms that can be readily converted to an illegal firearm, that is, a weapon designed in a manner so that with few additional parts and/or minimal modifications an owner can convert the firearm to an illegal fully automatic weapon; nor shall the firearms be designed so that they are resistant to fingerprints.

II. Sales and distribution.

In addition to complying with specific terms, the manufacturer parties to this Agreement will agree for themselves and as part of any distribution or agency agreement that they, and their authorized distributors and authorized dealers, including franchisees, shall commit to a standard of conduct to make every effort to eliminate sales of firearms that might lead to illegal firearm possession and/or misuse by criminals, unauthorized juveniles, and other prohibited persons ("suspect firearms sales"). Suspect firearm sales include sales made to straw

purchasers, multiple sales of handguns without reasonable explanation (excluding sales to FFLs), and sales made to any purchaser without a completed background check.

As specified in Part II.A.2 below, the manufacturer parties to this Agreement will take action against dealers and distributors that violate these requirements if the manufacturers receive actual notice of such a violation.

A. Authorized distributors and dealers.

1. The manufacturer parties to this Agreement may sell only to authorized distributors and authorized dealers. In order to qualify to become an authorized distributor or authorized dealer, the distributor or dealer must agree in writing to:
 - a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state or federal law, and certify on an annual basis, under penalty of perjury, compliance with all local, state and federal firearms laws.
 - b. Execute in the presence of the purchaser the following elements of all firearms transactions at the premises listed on its federal firearms license: completion of the forms and related requirements under the Brady Act and the Gun Control Act and physical transfer of the firearm.
 - c. Where available, carry insurance coverage against liability for damage to property and for injury to or death of any person as a result of the sale, lease, or transfer of a firearm in amounts appropriate to its level of sales, but at a minimum no less than \$1 million for each incident of damage, injury or death.
 - d. Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check.

- e. Within 24 months of the date of execution of this Agreement, maintain an inventory tracking plan for the products of the manufacturer parties to this Agreement that includes at a minimum the following elements:
- (1) Electronic recording of the make, model, caliber or gauge, and serial number of all firearms that are acquired no later than one business day after their acquisition and electronic recording of their disposition no later than one business day after their disposition. Monthly backups of these records shall be maintained in a secure container designed to prevent loss by fire, theft, or other mishap.
 - (2) All firearms acquired but not yet disposed of must be accounted for through an electronic inventory check prepared once each month and maintained in a secure location.
 - (3) For authorized dealers and franchisees, all ATF Form 4473 firearm transaction records shall be retained on the dealer's business premises in a secure container designed to prevent loss by fire, theft, or other mishap.
 - (4) If an audit of a distributor's or dealer's inventory reveals any firearms not accounted for, the distributor or dealer shall be subject to sanctions, including termination as an authorized distributor or dealer.
- f. Implement a security plan for securing firearms, including firearms in shipment. The plan must satisfy at least the following requirements:
- (1) Display cases shall be locked at all times except when removing a single firearm to show a customer, and customers shall handle firearms only under the direct supervision of an employee;

(2) All firearms shall be secured, other than during business hours, in a locked fireproof safe or vault in the licensee's business premises or in another secure and locked area; and

(3) Ammunition shall be stored separately from the firearms and out of reach of the customers.

g. Require persons under 18 years of age to be accompanied by a parent or guardian when they are in portions of the premises where firearms or ammunition are stocked or sold.

h. Not sell ammunition magazines that are able to accept more than 10 rounds regardless of the date of manufacture, not sell any semi-automatic assault weapon as defined in 18 U.S.C. 921(a)(30)

i. regardless of the date of manufacture, provide safety locks and warnings with firearms, as specified in Section I above, and sell only firearms that comport with the design criteria of this Agreement.

i. Provide law enforcement, government regulators conducting compliance inspections, and the Oversight Commission, for purposes of determining compliance with conditions imposed as a result of this Agreement, or for any other authorized purpose, full access to any documents related to the acquisition and disposition of firearms deemed necessary by one of those parties.

j. Participate in and comply with all monitoring of firearms distribution by manufacturers, ATF or law enforcement.

k. Maintain an electronic record of all trace requests initiated by ATF, and report those trace requests by make, model and serial number of firearm, date of trace, and date of sale to the manufacturer of the firearm on a monthly basis, unless ATF, for investigative reasons, directs the licensee not to report certain traces.

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- l. Agree to cooperate fully in the oversight mechanism established in Section III of this Agreement, including providing access to all necessary documents, and to be subject to the jurisdiction of the court enforcing this Agreement.

- m. Require all employees to attend annual training developed by manufacturers in consultation with ATF and approved by the Oversight Commission. The training shall cover at a minimum: the law governing firearms transfers by licensees and individuals; how to recognize straw purchasers and other attempts to purchase firearms illegally; how to recognize indicators that firearms may be diverted for later sale or transfer to those not legally entitled to purchase them; how to respond to those attempts; and the safe handling and storage of firearms. New employees will receive training on the above topics, based on materials developed for the annual training, before handling or selling firearms and shall attend annual training thereafter. Such training may be delivered by electronic medium. Within 12 months of the date of execution of this Agreement and annually thereafter, the manufacturer parties to this Agreement will obtain from all authorized dealers and distributors certifications that such training has been completed, with a list of the names of all trained employees.

- n. Require all employees to pass a comprehensive written exam, which shall be developed by the manufacturers in consultation with ATF and approved by the Oversight Commission, on the material covered in the training before being allowed to sell or handle firearms. Any employee who fails to pass the exam shall be prohibited from selling or handling firearms on behalf of the distributor or dealer. The annual certification discussed in II.A.1.m, above, will include certification that all employees have passed the exam.

- o. Not complete any transfer of a firearm prior to receiving notice from the NICS that the transferee is not a prohibited person under the Gun Control Act.
- p. Verify the validity of a licensee's federal firearms license against an ATF database before transferring a firearm to that licensee.
- q. Forgo any transfer of a firearm to a licensee if the dealer or distributor knows the licensee to be under indictment for violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
- r. Transfer firearms only:

(1) To individuals who have demonstrated that they can safely handle and store firearms through completion of a certified firearms safety training course or by having passed a certified firearms safety examination.

(2) After demonstrating to the purchaser how to load, unload, and safely store the firearm, and how to engage and disengage all safety devices on the firearm.

(3) After providing the purchaser with a copy of the ATF Disposition of Firearms Notice.

(4) After obtaining the purchaser's signature on a form certifying that the purchaser has received the instruction described in subparagraph (2) and the notice described in subparagraph (3) and maintaining that form in its files.

(5) After providing the purchaser with a written record of the make, model, caliber or gauge, and serial number of each firearm transferred to enable the purchaser to accurately describe the

firearm to law enforcement in the event that it is subsequently lost or stolen.

2. The manufacturer parties to the Agreement shall incorporate into any distribution or agency agreement with their authorized distributors and authorized dealers, including franchisees, procedures for terminating distributors, dealers or franchisees that engage in conduct in violation of this Agreement. Distributors and dealers shall agree to this enforcement system as a condition of becoming authorized. The manufacturer parties to this Agreement shall require annual certification by their authorized dealers and distributors that they are in compliance with the requirements in II.A.1(a-r) of this Agreement and applicable provisions of B. and C., below. If the manufacturer parties to this Agreement receive actual notice of a violation of the Agreement through their course of dealing with their authorized dealers and distributors, from ATF, state or local law enforcement, the Oversight Commission, another dealer or distributor, a customer or other credible source, the manufacturer parties to this Agreement will either immediately terminate sales to the dealer or distributor in violation or take the following actions. The manufacturer(s) that have authorized the dealer or distributor to sell its/their firearms will, individually or collectively, notify the dealer or distributor within seven (7) business days of learning of such violation and inform the dealer or distributor of the breach and request information regarding the breach. The distributor or dealer will then have fifteen (15) days to provide the manufacturer(s) with the requested information. If the manufacturer(s) determine that the dealer or distributor is in violation of this section of the Agreement, the manufacturer(s) will provide no further product to the distributor or dealer until the manufacturer(s) determine that the distributor or dealer is in compliance with the Agreement.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight

Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

B. Authorized distributors - additional provision.

Authorized distributors must agree to sell the manufacturer's products only to other authorized distributors or authorized dealers or directly to government purchasers.

C. Authorized dealers -- additional provisions.

In addition to the requirements in section II(A)(1), authorized dealers must agree:

1. Not to sell any of the manufacturers' products to any federal firearms licensee that is not an authorized distributor or authorized dealer of that manufacturer.
2. Not to engage in sales that the dealer knows or has reason to know are being made to straw purchasers.
3. To adhere to the following procedure for multiple handgun sales. If a purchaser wants to purchase more than one handgun, the purchaser may take from the dealer only one handgun on the day of sale. The dealer at that point will file a Multiple Sales Report with ATF. The purchaser may take the additional handguns from the dealer 14 days thereafter. This provision shall not apply to sales to qualified private security companies licensed to do business within the State where the transfer occurs for use by the company in its security operations.

D. Manufacturers.

Each manufacturer must:

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1. Provide quarterly reports of its own sales data and downstream sales data, with the volume of sales by make, model, caliber and gauge, to ATF's National Tracing Center.
2. Not market any firearm in a way that would make the firearm particularly appealing to juveniles or criminals, such as advertising a firearm as "fingerprint resistant."
3. Refrain from selling any modified or sporterized semi-automatic assault pistol of a type that cannot be imported into the United States.
4. Reaffirm their longstanding policy and practice of not placing advertisements in the vicinity of schools, high crime zones, or public housing.
5. Verify the validity of a license against an ATF database before transferring a firearm to any licensee.
6. Forgo any transfer of a firearm to a licensee if the manufacturer knows the licensee to be under indictment violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
7. Implement a security plan for securing firearms, including firearms in shipment. The plan will include the following elements.
 - a. Employee and visitor movement into and out of the manufacturer's facility will be only through designated security control points, and visitors will be admitted only after positive identification and confirmation of the validity of the visit. Employees and visitors will pass through a metal detector before leaving.
 - b. All areas where firearms are assembled and stored will be designated as restricted areas. Access will be authorized only for those

employees whose work requires them to enter these areas or for escorted visitors. Protective barriers will be installed in restricted areas to deny or impede unauthorized access.

- c. Each facility or area where firearms, ammunition, or components are stored will be provided with a system to detect unauthorized entry.
 - d. If firearms are shipped in cartons, the cartons will bear no identifying marks or words. The manufacturer parties to this Agreement will use only very strong cartons to protect against concealed pilferage in truck shipments, and large cartons will be secured with steel strapping in two directions. The manufacturer parties to this Agreement will use only carriers and freight forwarders that warrant in writing that they conduct criminal background checks on delivery personnel and report all thefts or losses of firearms to ATF within 48 hours of learning of the theft or loss. The manufacturer parties to this Agreement will inspect carriers' and forwarders' local facilities periodically.
8. Encourage its authorized dealers and distributors to consent to up to three unannounced ATF compliance inspections each year.

E. Corporate responsibility.

If ATF or the Oversight Commission informs the manufacturer parties to this Agreement that a disproportionate number of crime guns have been traced to a dealer or distributor within three years of the gun's sale, the manufacturer(s) that have authorized the dealer or distributor to sell guns will either immediately terminate sales to the dealer or distributor or take the following actions. The manufacturers will, individually or collectively, notify the dealer or distributor of the disproportionate number within seven (7) days and demand an explanation and proposal to avoid a disproportionate number of traces in the future. The dealer or distributor will have fifteen (15) days to provide the explanation and proposal. If the

manufacturer(s) determine that the explanation and proposal are not satisfactory, the manufacturer(s) will terminate supplies to the dealer or distributor. If the manufacturer(s) determine that the explanation and proposal are satisfactory, the manufacturer will continue supplies, but will closely monitor traces to the dealer or distributor in question. If disproportionate traces continue, the manufacturer(s) will terminate supplies to the dealer or distributor.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

Disproportionate number of crime guns: Upon execution of this Agreement, the Oversight Commission will convene to determine a formula to identify what constitutes a disproportionate number of crime guns. In determining the formula, the Oversight Commission shall consider the available data and establish procedures to ensure that the relevant data is obtained. This provision will not take effect until the Oversight Commission sets the formula and a mechanism for its implementation.

III. Oversight

A. Oversight Commission.

1. **Composition.** An Oversight Commission comprised of five members shall be formed. The Commission members shall serve five-year terms except for first terms as noted and shall be appointed as follows:
 - a. Two members by the city and county parties to the Agreement. First appointees to serve two- and three-year terms, respectively.

- b. One by the State parties to the Agreement. First appointee to serve a three-year term.
 - c. One member by the manufacturer parties to the Agreement. First appointee to serve a four-year term.
 - d. One selected by ATF. First appointee to serve a five-year term.
2. **Authority.** -- The Oversight Commission, which will operate by majority vote, will be empowered to oversee the implementation of this Agreement. Its authorities will include but not be limited to the authority to (1) review the findings of ATF or the proofing entity that will oversee the design and safety requirements of Part I of this Agreement, (2) maintain records of firearms sold pursuant to the law enforcement exception, as set forth in Part I.B of this Agreement, (3) review the safety training materials and test set forth in Parts II.A.1.m-n of this Agreement, and (4) participate in the oversight of the distribution and sales provisions established in Part II of this Agreement, as set forth in Parts II.A.2 and II.E.

The Oversight Commission shall have a staff, which will be entitled to inspect participating manufacturers and their authorized dealers and distributors to ensure compliance with the Agreement. The costs of the Commission shall be funded by the parties to the Agreement. Each manufacturer party to this Agreement will pay no more than \$25,000 annually.

- B. **Role of ATF.** -- ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective accomplishment of its law enforcement responsibilities, ATF will work with the manufacturer parties to the Agreement and the Oversight Commission to

assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the following provisions in its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission: II(A)(1)(a), (b), (e), (h), (i), (j), (k), (o), (p), and (q), (C)(2) and (D)(1) and (5). Nothing in this paragraph shall diminish the obligation of the manufacturer parties to this Agreement to make reasonable efforts to identify noncompliance and respond to notifications of violations from parties other than ATF.

C. Manufacturer cooperation.

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer and shall provide the compliance officer with sufficient resources and staff to fulfill the officer's responsibilities under this agreement.
2. The compliance officer shall be responsible for
 - a. Ensuring that the manufacturer fulfills its obligations under this agreement;
 - b. Training the manufacturer's officers and employees on the obligations imposed by this agreement; and
 - c. Serving as the liaison to the Oversight Commission.
3. Each manufacturer shall commit to full cooperation in the implementation and enforcement of this Agreement.

IV. Cooperation with Law Enforcement.

- A. The manufacturer parties to this Agreement reaffirm their commitment to cooperate fully with law enforcement and regulators to eliminate illegal firearms sales and possession.

- B. Within six (6) months of the effective date of this Agreement, if technologically available, the manufacturer parties to this Agreement shall fire each firearm before sale and enter the digital image of its casing along with the weapon's serial number into a system compatible with the National Integrated Ballistics Identification Network system. The digital image shall be made available electronically to ATF's National Tracing Center.
- C. Manufacturers shall participate in ATF's Access 2000 program to facilitate electronic linkage to their inventory system to allow for rapid responses to ATF's firearms trace requests.

V. Legislation.

The parties to this Agreement will work together to support legislative efforts to reduce firearms misuse and the development of authorized user technology.

VI. Education trust fund.

Upon resolution of the current lawsuits brought by cities, counties, or States, the manufacturer parties to this Agreement shall dedicate one percent of annual firearms revenues to a trust fund to implement a public service campaign to inform the public about the risk of firearms misuse, safe storage, and the need to dispose of firearms responsibly.

VII. Most favored entity.

If the manufacturer parties to this Agreement enter into an agreement with any other entity wherein they commit to institute design or distribution reforms that are more expansive than any of the above-enumerated items, such reforms will become a part of this Agreement as well.

In addition, if firearms manufacturers that are not party to this Agreement agree to design or distribution reforms that are more expansive than any of

March 17, 2000
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the above-enumerated items, and if the manufacturers who are party to the other agreement(s) with more expansive terms, in combination with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, manufacturer parties to this Agreement will agree to abide by the same design and distribution measures.

VIII. Enforcement.

The Agreement will be entered and is enforceable as a Court order and as a contract.

Dated this 17 day of March, 2000.

Approved and Authorized by:

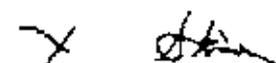
Manufacturer parties to this Agreement:



Smith & Wesson

Governmental parties to this Agreement:

Department of the Treasury



Department of Housing and Urban Development

**March 17, 2000
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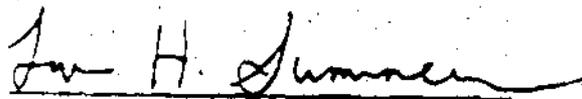
Dated this ____ day of March, 2000.

Approved and Authorized by:

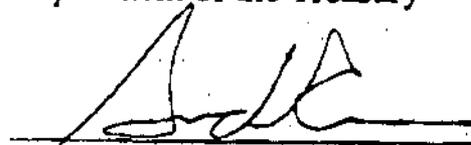
Manufacturer parties to this Agreement:

Smith & Wesson

Governmental parties to this Agreement:

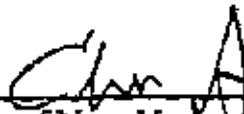


Department of the Treasury

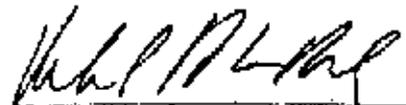


Department of Housing and Urban Development

State parties to this Agreement:

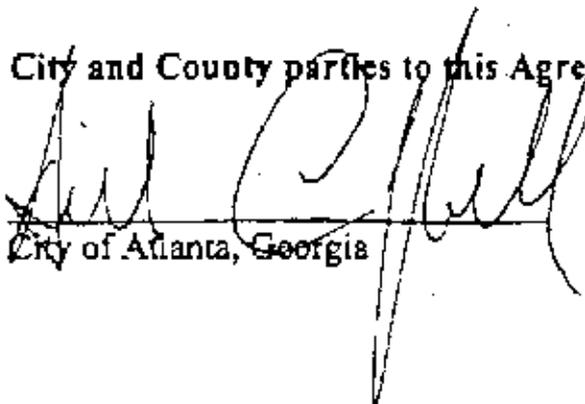


State of New York



State of Connecticut

City and County parties to this Agreement:



City of Atlanta, Georgia

City of Berkeley, California

City of Bridgeport, Connecticut

City of Camden, New Jersey

City of Detroit, Michigan

City of Gary, Indiana

City of Inglewood, California

City of Los Angeles, California

County of Miami-Dade, Florida

City of San Francisco, California

City of St. Louis, Missouri

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JOINT STATEMENT

The cities, counties and other groups that have filed suit against the gun industry and the federal government believe they are more effective if they work together to address the problems of gun violence. The federal government will provide leadership on this issue, and we will build on the significant work already done by the current litigants in order to successfully address this important problem. Today's discussions have been a productive first step in this effort.

We will take a unified stance in our negotiations with the gun industry to ensure that either through a settlement or litigation the gun industry changes the way it does business. The gun industry must take responsibility for its share of the problem of gun violence by making a safer product, reasonably monitoring its distribution, and refusing to advertise to criminals and kids.

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

AGENDA – DECEMBER 14, 1999
FEDERAL-LOCAL GUN LITIGATION STRATEGY MEETING

- I. Introduction – Secretary Andrew Cuomo
- II. Opening Remarks by Bruce Reed, Domestic Policy Advisor
- III. Q&A for Cities, Counties and NAACP
- IV. Review of Press Availability (set for 11:00 a.m.)
- V. Closing

GUN STRATEGY MEETING
December 14, 1999

I. GUN LAWSUIT NEGOTIATIONS

- Meeting with the Mayors
- Upcoming meetings
- Proposed reforms -- impact on legislation and message

II. ENFORCEMENT DIRECTIVE

- Estimated completion date
- Timing of event
- 93 plans
- Link to State of the Union: Budget vs. legislative angle on event
- Potential blueprint for year-long gun strategy

III. OUTSTANDING LEGISLATIVE DECISIONS

- Hill meeting Thursday and interest in gun legislation
- Message on Youth Crime Gun Enforcement Act, i.e. Gun Shows, One gun per month, Brady Waiting Period, Under 21 Handgun
- Licensing
 - Budget and/or legislative approach*
 - Cost estimate*
- Registration or alternatives
 - "No background check, No gun"*
 - Database of all firearms serial numbers*
- Industry Regulation
 - CPSC vs. Treasury authority*

IV. UPCOMING EVENT IDEAS

Proposed Timeline:

- | | |
|------------------------------------------|-------------------|
| ■ Enforcement Directive Release | Early-mid January |
| ■ ATF Gun Trafficking Report (complete?) | mid-January (?) |
| ■ State of the Union | January 27, 2000 |
| ■ ATF Firearms Commerce Report - 7. | February |
| ■ Industry Reform Bill Unveiling | March |
| ■ Enforcement Event | April |
- YCGEII - 38 cited*

V. NEXT STEPS

Meeting Regarding Gun Litigation

file:///C:/WINDOWS/TEMP/~0010988.htm

Meeting Regarding Gun Litigation

RSVPs

December 14, 1999

9:30 am

Departmental Conference Room

Mayor = M
Designee = D
PIG = X

-- (F) --
504-6588

| Yes | No | CITY | NAME | FAX | PHONE |
|------|----|--------------------|-----------------------------------------------------------------------------------|------------------------------|------------------------------|
| D | | New Orleans | Morial (Rhonda Spears) <i>WV</i> Avis Russell will attend | 504/565-6588 | 504/565-6400 |
| D(2) | | Chicago | Daley <i>NR</i> City Attorney + Terry Winston | 312/744-2324 | 312/744-3300 |
| M | | Miami/Dade | Penelas <i>NR</i> | 305/375-3618 | 305/375-5071 |
| M | | Bridgeport | Ganim <i>NR</i> | 203/576-8383 | 203/576-7201 |
| D | | Aflanta | Campbell <i>NR</i> Susan Pease Langford (City Attorney) | 404/658-7361 | 404/330-8100 404/330-6845 |
| | | Cleveland | White <i>NR</i> | 216/664-2815 | 216/664-3993 |
| D | | Wayne County, MI | Edward McNamara, County Exec Deputy County Exec Mike Duggan | 313/224-0818 | 313/224-0286 313/224-0344 |
| D | | Detroit | Archer <i>NR</i> Phyllis James - Corp Counsel | 313/224-4128 | 313/224-6340 |
| | | Cincinnati | Luken <i>NR</i> | 513/352-5201 | 513/352-3259 |
| D(2) | | St Louis | Harmon <i>NR</i> Wes Yates, Assoc. City Counselor Michelle Clay | 314/622-4061 | 314/622-3201 |
| D(3) | | San Francisco | Brown <i>NR</i> SF City Attorney Louisa Renne + Owen Clements + Eve Maldonado | 415/554-6160 415/554-4715 | 415/544-8141 415/554-4748 |
| M | | Berkeley | Dean | 510/644-6255 | 510/644-5484 |
| | | Sacramento | Jimmie Yee <i>NR</i> | 916/264-7680 | 916/264-5407 |
| | | Oakland | Jerry Brown <i>NR</i> | 510/238-4731 | 510/238-3141 |
| | M | East Palo Alto | R. B. Jones | 650/853-3115 | 650/853-3100 |
| D | | Los Angeles City | Riordan <i>NR</i> Los Angeles City Attorney James Hahn | 213/485-1286 213/847-3014 | 213/847-3463 213/485-5408 |
| D | | Los Angeles County | Gloria Molina, Chair Supervisor, First District LA County Counsel Larry Hafetz | 213/613-1739 213/974-1876 | 213/974-4111 213/974-1876 |
| | | Compton | Bradley (FBI) | 310/605-3449 | 310/605-5590 |

STW 494 2102 (1)

| | | | | | |
|------|---|--------------------|---------------------------------------------------------------|-----------------------------------|--------------|
| | | West Hollywood | Heilman | 323/848-6575 | 213/848-6460 |
| D | | Inglewood | Dorn City Attorney Charles Dickerson | 310/412-8788 | 310/412-5300 |
| | | Camden | Milan | 856/963-1841 | 609/757-7200 |
| D | | Boston | Menino <i>MC</i> Peter Welsh will attend | 617/635-2858 617/635-3289 | 617/635-3151 |
| | | Newark | James (TBD) | 973/733-5352 (Public Info Ofc) | 973/733-5400 |
| M | | Gary | King <i>MC</i> | 219/881-1337 | 219/881-1301 |
| M(2) | | Wilmington | Sills | 302/571-4102 | 302/571-4555 |
| | | San Mateo County | Mary Griffin, President Message left w/Kathy Koontz | 650/599-1027 | 650/363-4571 |
| D(2) | | Camden County, NJ | Jeffrey L. Nash Chief Counsel Bob Millensky & Deborah Katz | 609/225-5574 | 609/225-5466 |
| | M | Alameda County, CA | Wilma Chen | 856/272-3784 | 856/272-6593 |
| X | | NAACP | Dennis Hayes <i>MC</i> General Counsel | 410-358-9350 | 410-486-9191 |

Kra Health
 410 - 486 - 9100
 410 - 486 - 9255 (A)

San
 703-351-6000 Potter

Robert Sawyer:

Felix Birefel

- with plan*
- unified - global settlement
 - others fractured - with attorney: case of city 9
 - look for tomorrow
 - some meet w/you
 - real independent
 - PD by day
 - participate in AG deal

9/27/99 Proposal

Issues

Response

Compliance by all handguns with import restrictions (18 U.S.C. § 925) and strongest existing state law

- Import restrictions based primarily on suitability of guns for sporting purposes, not self-defense.
- Bans sale of all small-frame handguns (even though designed primarily for self-defense).
- Would ban historic collectibles (e.g., Colt Single-Action Peacemaker)
- State law restriction would impose will of 1 state upon rest of nation without assent of voters in other 49 states.
- How to define "strongest" state law? What to do when state laws conflict?
- If a state bans handgun sales, nationalizing such an act would be unacceptable.
- How does this issue reduce crime?
- How does this issue reduce accidents?

- The firearms industry commits to continued compliance with all applicable laws.

9/27/99 Proposal

Issues

Response

Serial number placement in [hidden] locations and visible only with infrared detector or similar device.

- BATF believes hidden serial numbers will remain hidden "for about 48 hours" among criminals. Cost v. benefit relationship weak.
- Existing serial numbers can often be reconstructed, even if obliterated.
- According to NAFTE executive in over 3,000 ballistic traces in 1 year, 300 guns had obliterated serial numbers. Of these, reconstruction of serial numbers was relevant to apprehension of only one suspect.
- Infrared identifiers, especially means of securing them within a firearm, have not been widely studied.

- Industry is currently working with BATF to set minimum depth for serial number marking.
- BATF already regulates and monitors marking requirements.
- Industry is working with UN re: international marking standards.
- Industry will continue to work with BATF to provide firearms serial number identification in a manner which the ATF recommends as most efficient.
- Industry will continue to work with ATF on "Access 2000" to facilitate faster possible tracing between law enforcement, manufacturer and distributor.
- Industry is currently working with BATF to test various additional methods of weapon tracing (including electronic bullet and casehead archives; IBIS firearm profile identifying system)

9/27/99 Proposal

Issues

Response

Sell guns with warnings re: risk in home and proper storage techniques

- False or misleading warnings should be avoided. Studies support lifesaving importance of defensive gun use and of concealed carry laws.
- Although the courts and the public typically regard the risks of firearms to be a matter of obvious and common sense, instruction manuals already contain storage and risk warnings.

- Industry members support strong warnings and storage language. Recommendations are welcome.
- Industry is supporting Project HomeSafe to provide locks and safety instructions to communities.
- Industry will continue to emphasize that bringing a firearm into the home for self-defense is an important personal decision and the risks and advantages must be weighed by the individual. Industry will continue to urge that consumers who are not prepared to accept the important responsibilities of proper firearms use and storage should not purchase a firearm.

9/27/99 Proposal

Issues

Response

Require chamber-loaded indicator in all guns by 1/01.

- All guns can already be checked for loaded condition.
- Indicator is meaningless unless user is trained concerning its function. Trained users already know how to check chamber.
- Cannot be done on .22 caliber rimfire cartridges for safety reasons.
- High pressure of rifle cartridges might convert device into a projectile.
- In "all" guns or in all new guns?
 - retrofit impossible
 - no design available for many models

- Industry supports training programs re: firearms safety.
- Industry already provides loaded condition instructions with each firearm sold.
- Locks sold with firearms and programs like Project HomeSafe present the best means of reducing accidents.
- It is the opinion of industry that chamber load indicators are an inadequate and ineffective substitute for proper firearms training. Industry strongly fears that reliance on chamber load indicators could lead to an increase and not a decrease in firearms accidents.

9/27/99 Proposal

Issues

Response

Prevent operation of all firearms by children aged 5 and younger by 1/01

- "Childproofing" may prevent elderly use of firearms for lifesaving purposes. [Note: Federal child safety standards for medicine containers prevent access by over 20% of elderly]
- Calling a firearm "childproof" encourages parents to leave loaded gun accessible to children.
- Define "operable by child aged 5." [Note: Child safety bottle standard allows access by 20% of children (i.e. 600,000)]
- Evidence indicates reliance on "childproof" medicine containers has increased poisonings.
- Heavier trigger pull prevents use by adults; decreases accuracy; can cause children to point gun at selves and use thumbs to pull trigger.
- The fundamental purpose of a firearm is to discharge when needed. Impediments to lifesaving use by intended owners must be carefully evaluated.

- Current technology already allows firearms to be secured away from children (i.e. - locks provided by firearm manufacturers).
- Industry supports home and community safety programs.
- Industry members will ship all firearms with locking devices by July 1, 2000. Industry to continue free distribution of locking devices through Project HomeSafe.
- Industry interested in preventing unauthorized access to firearms by children of all ages (not just under 5) as well as unauthorized adults.

9/27/99 Proposal

Issues

Response

Prevent accidental discharge, repeat firings or risk of explosion by 1/00.

It is unclear what is meant by this. Current designs and standards (e.g., SAAMI drop test standard) prevent these.

- BATF already has standards for evaluating susceptibility of firearm to automatic/repeat firing.
- Needs better definition of nature and scope of problem being addressed
 - crime?
 - misuse?
 - proof of noncompliance?

9/27/99 Proposal

Issues

Response

External locks sold with all firearms by 6/00; internal locks built into all firearms by 1/01.

- Every gun can already be locked. Locks are readily available for gun owners who want them.
- Not every gun owner wants or needs a lock (e.g., police, gun owners without children).
- Internal locks have not been widely developed.
Risks include:
 - Lock can prevent gun from functioning when needed to save someone's life.
 - Internal locks are always with the gun. Are thus subject to fouling from gunpowder, corrosion, etc., which can prevent both locking and unlocking of the gun.
 - Internal locks can cause parents to believe gun is "childproof", thus encouraging them to rely on device to keep children safe. Could increase number of people who leave gun loaded around children.

- Industry members are already providing locks with 90% of guns sold.
- Project HomeSafe, which is funded by industry members (NSSF), provides locks and safe storage instruction to communities.
- Industry members are developing/using internal locks. Success of these efforts must be evaluated.
- Use of lock should be determined by customer need, not political mandate.
- The industry welcomes funding for research.

9/27/99 Proposal

Issues

Response

Authorized user technology by 1/04.

- Already exists. Any gun can be locked so that only 1 person can gain access.
- Internal lock concepts are unproven. Some have expressed concerns about safety, feasibility and advisability. (See discussion re: internal locks)
- Government studies of internal lock feasibility reveal numerous problems/concerns.

- Industry is already researching internal lock technology.
- Industry supports mandatory shipment of locks with (not in) guns sold, but not mandatory use.
- Industry would welcome federal funding to broaden and expedite internal lock technology research.

9/27/99 Proposal

Issues

Response

Include magazine disconnect safeties in all new pistols by 6/00; retrofit into all pistols sold by 1/01.

- Purpose of firearm is to fire when needed with or without a magazine. Almost all military and law enforcement gun users, as well as the international civilian community, reject magazine disconnect safeties because they can prevent lifesaving gun use.
- Ability of pistol to fire multiple rounds does not mean it should not also be able to fire 1 round, with or without magazine.
- Reliance on magazine disconnect safeties without proper training can cause accidents. For example, child finds gun without magazine, but chamber loaded. Pulls trigger. Gun does not fire. Child believes gun is empty. Puts empty magazine in gun. Points gun at friend and pulls trigger. Gun fires.
- Device may encourage parents to remove magazine and store chamber-loaded gun around children.
- Device is infrequently used now. Widespread use could increase accidents, as well as homicides disguised as accidents. ("I didn't know gun was loaded. I pulled the trigger and it didn't go off.")

- Place warnings about ability of firearm to discharge with or without magazine in instruction manuals.
- Prevent uneducated user access to firearms by providing locks, safety instruction.
- Pistols with magazine disconnect safeties are available to customers who want them.

- Introduction in many models unestablished.
- Include in magazine-fed rifles?
- Retrofit impossible. Existing guns cannot be changed to add device.
- Retrofit of some guns in model line, but not all, could create confusion re: presence of device and therefore safety risk.
- Magazines are often removed to allow safer "one shot at a time" firearm instruction.

| 9/27/99 Proposal | Issues | Response |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Only use materials in gun barrel, frame or cylinder with melting point above 900° F, with ultimate tensile strength above 55,000 per square inch, or powdered metal with density greater than 7.5 grams per cubic centimeter.</p> | <ul style="list-style-type: none"> - How relevant to criminal or accidental use? - Bans polymer-frame guns used by police and others. - Bans polymer-frame sporting shotguns and rifles - Material design safety is determined by ballistics. (i.e. - what is needed for a 9mm handgun may not be necessary for a .22 caliber handgun) | <ul style="list-style-type: none"> - Industry members already comply with this standard in accordance with state laws - SAAMI/NIJ specifications re: performance already exist. Is there evidence of non-compliance? |

9/27/99 Proposal

Issues

Response

Do not sell gun kits, guns that can be converted to an illegal firearm, guns that resist fingerprints or guns that accept magazines with greater than 10 rounds.

- Bans all rifles and shotguns
 - Any rifle or shotgun barrel can be sawed off, thus making gun illegal.
- Define "kits"
 - includes sale of spare/service parts, new stocks, etc.?
 - if so, bans gunsmithing
- Corrosion resistance (including resistance to oils and salts in fingerprints) is needed by hunters and all gun users. Compliance with this request would ban all guns.
- Bans all pistols and many semi-automatic rifles.
 - the capacity of the magazine is independent of the design of the pistol

- Federal law already bars the manufacture of guns susceptible to illegal conversion (i.e. - re: automatic fire; serial number obliteration; conversion of magazines to hold more than 10 rounds).

9/27/99 Proposal

Retrofit existing guns with improved safeties as they become mandated.

Issues

- Since the mayoral demands are mandates and require internal locks, etc., this proposal constitutes a requirement to retrofit all 240 million guns in circulation in the U.S.
- No product is retrofitted simply because improved safety devices become mandated (e.g., no air-bag retrofit in cars)
- If a firearm is defective, manufacturer faces same litigation risk as does any product maker.
- Accident rate has declined 40% in 15 years. Is at lowest point since 1903.
- Retrofits usually not possible (i.e. - magazine disconnect safety; loaded chamber indicator, internal locks, etc.).

Response

- A national lock program is in place (sale with each firearm; Project HomeSafe, etc.).
- Industry will aggressively promote the availability of locking devices for those consumers who desire a measure of security beyond that afforded by the safety technology incorporated by the manufacturer.

9/27/99 Proposal

Issues

Response

Recall all armor-piercing ammunition

- Federal law currently defines and prohibits the manufacturer of "armor piercing ammunition."

- Industry will comply with all federal rules regarding the manufacture, distribution and sale of armor piercing ammunition.



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
ELIOT SPITZER

FACSIMILE TRANSMISSION

DATE 12/7/99 NUMBER OF PAGES _____
(INCLUDING THIS PAGE)

TO Bruce Reede

FAX NO. (202) 456-5542

FROM Eliot Spitzer

REMARKS

IF THERE IS A PROBLEM WITH THIS TRANSMISSION, PLEASE CONTACT

NAME Maribel OFFICE _____

TELEPHONE NO. 212 416-8050 FAX NO. () _____

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| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--------------------------|--------------------------------------------------------|----------|-------------|
| 001. draft agreement | [Gun Industry] Code of Conduct and Agreement (7 pages) | 12/07/99 | 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: 21553

FOLDER TITLE:

Guns-Smith and Wesson [2]

rs26

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]

Withdrawal/Redaction Marker

Clinton Library

| DOCUMENT NO. AND TYPE | SUBJECT/TITLE | DATE | RESTRICTION |
|--------------------------|---------------------------------------------------------|----------|-------------|
| 002. draft agreement | [Gun Industry] Code of Conduct and Agreement (16 pages) | 09/17/99 | P5 |

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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: 21553

FOLDER TITLE:

Guns-Smith and Wesson [2]

rs26

RESTRICTION CODES

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- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

*guns disproportionately used
in crime*

*features attractive to
criminals*

Summary of Terms

I. Design

1. Compliance with performance and design standards set forth in 18 USC § 925 and the strongest existing state law or regulation: 1/1/01.
2. Serial number: placement in a location or multiple locations and visible only with the aid of an infrared detector or similar device: 6/1/00.
3. Locking devices
 - a. external: 6/1/00
 - b. internal: 1/1/01
4. Magazine safeties
 - a. introduced: 6/1/00
 - b. sold: 1/1/01
5. Sale of guns with warning on risk of guns in the home and proper home storage: 6/1/00.
6. Chamber load indicator: 1/1/01.
7. Prevention of operation by children 5 and younger: 1/1/01.
8. Prevention of accidental discharge, repeat firing, or risks of explosion: 1/1/00.
9. Authorized user technology: 1/1/04.
10. Agreement only to use materials in the gun's frame, barrel, cylinder that have a melting point above 900 degrees, have an ultimate tensile strength above 55,000 per square inch, and powdered metal with a density of more than 7.5 grams per cubic centimeter.
11. Agreement not to sell gun kits, guns that can be converted to an illegal firearm, guns with fingerprint resistance, or guns that accept magazines with greater than 10 round capacity.
12. Agree to retrofit existing guns with improved safeties as they become mandated.

II. Sales and Distribution

1. In addition to complying with specific terms, manufacturers, wholesalers and retailers shall commit to a standard of conduct to make every effort to eliminate suspect sales.

A. Wholesale and Retail Dealers

1. Manufacturers may only sell to authorized wholesale and retail dealers defined as those who possess a Certificate of Authorization (Certificate), renewed on an annual basis by the manufacturer, subject to approval of the Monitor. In order to be issued a Certificate a wholesale or retail dealer must:

- a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state, or federal law.
- b. Operate only from the premises listed on those licenses and permits.
- c. Certify on an annual basis, under penalty of perjury, compliance with all local, state, and federal firearms laws.
- d. Carry an appropriate amount of insurance coverage in amounts, at minimum, no less than \$1 million for each incident of damage, injury or death.
- e. Make no sales over the Internet or at gun shows.
- f. Have no incentive sales programs or practices.
- g. Maintain an inventory tracking plan, subject to approval by the Monitor, which includes at minimum electronic recording of firearms acquisition and sales data, security from data loss, and forwarding of data to manufacturers and the Monitor.
- h. Implement a security plan for securing firearms and for excluding persons under 18 years of age not accompanied by parent or guardian.
- i. Not sell ammunition magazines able to accept more than 10 rounds, provide child safety lock and warnings with firearms, and sell only guns that comport with design criteria of Code, federal import standards, and assault weapons ban.
- j. Provide manufacturers, law enforcement, government regulators, and the Monitor full access to any documents deemed necessary by one of those parties.
- k. Agree to participate in and comply with all monitoring of firearms distribution by manufacturers, ATF, law enforcement, or the Monitor.
- l. Agree to maintain an electronic record of all trace requests initiated by ATF, and to report those traces to the manufacturer of the firearm and the Monitor within 24 hours.
- m. Agree to be subject to the jurisdiction of the Monitor and the court enforcing this Code.
- n. All employees attend training provided by manufacturers on an annual basis. Content of training shall be pre-approved by the Monitor.
- o. All employees pass a comprehensive written exam administered by Monitor before being allowed to sell or handle firearms.
- p. Provide all sales data to the Monitor for use in the Sales Data Clearinghouse.

2. Failure to adhere to any one of the provisions set forth in 1(a-p) above may subject a dealer to suspension or revocation of the Certificate by the manufacturer or the Monitor.

B. Wholesale Dealers - additional provision

1. Agree to sell only to other licensed and authorized dealers or directly to government purchasers.

C. Retail Dealers - additional provisions

1. Must be a stocking gun store with a minimum total inventory level and inventory for each manufacturer's product, and with a majority of revenue derived from sale of firearms and/or sporting equipment.
2. Agree not to sell to any federal firearms licensee that is not a licensed and authorized dealer under this Code.
3. Agree not to engage in sales that the retailer knows or has reason to know are being made to straw purchasers.
4. Agree not to sell to any person who has purchased a firearm within the previous 30-day period.

D. Manufacturers

1. Provide quarterly report of its own sales data and all downstream sales data to Monitor.
2. Agree to fund a Sales Data Clearinghouse administered by the Monitor.

E. Other terms

1. ATF trace requests for firearms recovered by law enforcement shall be rebuttable presumption of misconduct under Code. Burden shall be on industry to prove firearm was sold properly.

III. Monitor**A. Authority**

1. Funded by manufacturers, with budget set at level sufficient to perform duties. Monitor can seek court approval for additional funds.
2. Granted full access to manufacturer and dealer books and records.
3. Granted right to communicate information obtained in his or her oversight capacity to law enforcement.

4. 20 year term, subject to application by member of the Oversight Panel for extension of term. Manufacturers cannot withdraw.
5. Subject to removal only by the Oversight Panel and only for good cause. Manufacturers may object on grounds that good cause has not been established. If steps down, replaced within 30 days by Oversight Panel.
6. Shall have the authority to conduct interviews, perform tests, and retain investigators to conduct undercover sting operations and other unannounced investigation and audits.
7. Shall have a reporting line directly to the manufacturer's Board of Directors.
8. Shall promptly report any violations of the Agreement to the Oversight Panel, and may levy fines and sanctions for such violations.
9. Shall issue on a quarterly basis, public reports regarding manufacturers' compliance with the Agreement.

B. Manufacturer Cooperation

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer whose name and contact information shall be submitted to the Monitor.
2. Each manufacturer shall commit to full cooperation with the Monitor.
3. Prior to execution of agreement, the Oversight Panel will have an opportunity to review signatory manufacturers' documents regarding design, marketing, and distribution.

IV. Cooperation with Law Enforcement

1. Manufacturers shall fully disclose marketing, market research, development and production data and documents sought by law enforcement or regulators.
2. Manufacturers shall fire each weapon before sale and retain three fired casings and bullets. Of these, one set along with the weapon's serial number shall be provided to law enforcement.

V. Cooperation with Litigation

1. Manufacturers shall agree to cooperate in pending and future lawsuits.

VI. Legislation

1. Manufacturers shall support pending and proposed legislative efforts endorsed by the Oversight Panel.

VII. Education Trust Fund

1. Manufacturers shall establish a \$_____ trust fund to implement a public service campaign to inform the public on the risk of guns in the home and proper home storage, as well as the need to reduce gun violence.

VIII. Enforcement

1. The Agreement will be entered and is enforceable as a Court order and as a contract.

12/08/99 14:47

OFFICE OF DEPUTY SECRETARY → 94567028

NO. 477 P007



National Shooting Sports Foundation, Inc.

FLINTLOCK RIDGE OFFICE CENTER • 11 MELK HILL ROAD • HARTFORD, CT 06170-2028 • 203 426-1320 • FAX 203 426-1047
 WEB SITE: www.nssf.org • E-MAIL: info@nssf.org

ROBERT T. DELANEY
 PRESIDENT AND
 CHIEF EXECUTIVE OFFICER

October 14, 1999

Mr. James Kenneth Hahn
 City Attorney
 City of Los Angeles
 1800 City Hall East
 Los Angeles, CA 90012

Attorney General Eliot Spitzer
 State of New York
 Office of Attorney General
 120 Broadway
 New York, NY 10271-0332

Dear Messrs. Hahn and Spitzer:

The nation's elected officials and the nation's leading manufacturers of firearms share a concern about the accidental and criminal misuse of firearms in our society. Yet, in recent months, some 30 city officials have filed lawsuits claiming that firearms makers are largely responsible for the accidental and criminal use of firearms and suggesting that these manufacturers have the ability, by their actions alone, to reduce or eliminate irresponsible, criminal and anti-social use of their products.

While the firearms industry is committed to the support of programs to reduce firearms accidents and violence, the industry does not have the legal authority to address these challenges on its own. To effectively reduce firearms misuse in our nation will require the cooperative effort of industry and elected government officials.

REDUCING FIREARMS ACCIDENTS

Firearms accidents account for some 4% of all firearms-related fatalities each year. Comprehensive educational programs have helped reduce accidental firearms deaths by more than 65 percent over the past 25 years (from 2,600 in 1973 to 900 in 1998). But more can be done. The firearms industry urges elected officials through their offices, their law enforcement departments, public health agencies and their public statements to support the following efforts:

Actions Which Can Be Implemented by Elected Officials

- Recognize firearms safety volunteers and organizations in "State of the City" and "State of the State" reports.
- Publicize firearm safety courses and offer the use of public facilities for safety classes.
- Make law enforcement personnel available to assist with safety programs and to help advise citizens that all gun stores and manufacturers have a variety of appropriate locking devices available (lockable boxes, padlocks, cable locks, trigger locks, safes, etc.). Help inform that trigger locks are unsafe on loaded guns.

Actions In Which Elected Officials Can Partner With Firearms Industry

- Acknowledge the firearms industry's commitment to firearms safety and its effective role in reducing firearms accidents. No
- Enact and support "Project HomeSafe" – a partnership program to distribute firearms safety messages and locking devices to urban residents. No
- Petition the entertainment industry to provide celebrities to assist cities and industry in production of safety messages for schools, theaters, television, magazines and newspapers.
- Include appropriate safety materials – which industry will provide at no cost – with each new handgun permit and with each renewal.
- Make handgun permit lists available to manufacturers as appropriate for safety notifications or when modifications are announced by the manufacturer.
- Place firearms safety posters in schools and community centers. No

Actions Which Elected Officials Can Enhance Through Their Support

- Urge media to run free public service announcements regarding firearms safety and help publicize the availability of firearms safety training courses. Recognize participating media.
- Support private education campaigns regarding safe gun storage and children's avoidance of guns.
- Support regular and comprehensive gun safety education programs in schools, beginning with the "Stop! Don't Touch! Leave! Tell an Adult!" message in elementary schools, progressing to age-appropriate materials in higher grades.
- Assist in the distribution of gun safety education videos and related materials by non-profit groups (New Hampshire Firearms Safety Coalition, etc.).

REDUCING FIREARMS VIOLENCE

To impact the criminal use of firearms, the industry urges elected officials to:

Actions Which Can Be Implemented By Elected Officials

- Adopt New York and Boston law enforcement models of searching people for illegal guns during any street stop for reasonably suspected criminal activity. No
- Direct law enforcement agencies to submit every gun seized in a crime to BATF for comprehensive tracking, not just to link gun to perpetrator, but to identify and prosecute illegal firearms sources.
- Implement and fund conflict avoidance and anti-social behavior recognition programs in city schools.

Actions In Which Elected Officials Can Partner With Firearms Industry

- Join industry in supporting increased funding for BATF.
- Support Federal funding of research into authorized-user recognition technology.
- Support Industry/BATF efforts to cut down on illegal sales, and support prosecution of all "straw purchases" and dealers who knowingly make illegal sales to the full extent under the law.

Actions Which Elected Officials Can Enhance Through Their Support

- Announce support of "Project Exile" to prosecute violent firearms offenses under tough Federal laws and aggressively publicize this effort.
- Petition the entertainment industry to eliminate gratuitous firearms violence and to donate their technical and artistic services to assist industry in the development and distribution of anti-violence messages.
- Enforce penalties for adults who allow child access to guns in violation of local law.
- Enforce all mandatory sentencing laws for use of a gun in a violent crime.
- Support no parole for violent offenders who use guns in commission of violent crimes.
- Refuse to plea bargain gun charges and urge media to publicize that fact.
- Support public education campaigns regarding anger management, depression and suicide avoidance.
- Urge Federal officials to apprehend and prosecute all persons who are denied purchase of a firearm during the required background check if the reason is an outstanding violent felony warrant.
- Urge aggressive prosecution of illegal firearms purchases by convicted felons.

Aggressive

12/08/99 14:48

OFFICE OF DEPUTY SECRETARY + 94567029

NO.477 P011

The nation's major manufacturers of firearms and the nation's elected officials are logical partners in efforts to reduce irresponsible and criminal firearms use. We believe this document outlines a number of realistic and promising efforts and respectfully urge early and serious consideration.

Sincerely,



Robert T. Dolny
President and Chief Executive Officer

RTD/a

DRAFT
GUN INDUSTRY ACCOUNTABILITY PLAN

I. DISTRIBUTION CONTROLS

A. Code of conduct. Manufacturers and importers could be required to follow a code of conduct that would be established in the agreement that applies directly to their practices and actions as well as those that affect the dealers and distributors to whom they sell their products.

1. Manufacturers and importers could be required to:

- develop and complete continuous training programs for their own employees, as well as programs for their dealers and distributors covering topics such as security and "know your customer";
- computerize their inventory system to facilitate linkage with the ATF tracing system with possible exception for manufacturers or importers that handle under a threshold volume;
- establish security procedures for their factories and shipping;
- enter into partnerships with ATF and/or FBI to create a database for identifying crime guns through ballistics data. This would require manufacturers and importers to test shoot every gun before it is sold and record casing imprints and serial numbers on the database;
- forego sales to dealers or distributors under indictment; and
- establish a director of compliance to ensure compliance with the agreement and firearms law.

2. Dealers and distributors. The code of conduct could also require manufacturers and importers to sell only to dealers and distributors that agree to:

- meet specific security standards;
- computerize their inventory, including all acquisition and disposition information, to help speed crime gun traces (with exception for dealers and distributors that handle under a threshold volume);
- postpone all gun transfers until the FBI issues an approval, even if this period exceeds the legal three-day period (dealers only);

- verify that all employees undergo continuous training on subjects such as compliance with gun laws, identifying straw purchasers, and securing inventory;
- refrain from selling semiautomatic assault rifles to youth under age 21;
- refrain from selling large capacity ammunition feeding devices or other weapons with features that may facilitate criminal activity (e.g., easily obliterated serial numbers);
- refrain from selling firearms made or imported by companies that are not party to the agreement;
- refrain from selling more than one handgun to an individual within a 30-day period, or establish a waiting period for subsequent handgun purchases;
- operate out of storefront business locations (dealers only);
- require identification for the purchase of ammunition; and
- complete annual inventories and thefts.

B. System to monitor sales by dealers and distributors. The parties to the agreement could develop a system under which manufacturers and importers would monitor sales of their products by distributors and dealers.

Tracking compliance with code and/or crime gun traces. Under this system, manufacturers and importers would impose sanctions, including suspension and termination of supplies, on dealers and distributors that: (1) violate the code of conduct; or (2) are substantially associated with crime guns as determined by a measure based on ATF trace data. To determine which dealers and distributors are substantially associated with crime guns, dealers could be required to maintain records of all trace requests initiated by ATF and could be subject to audits and inventory checks by manufacturers, importers, and a third-party monitor. The measure (based on the number of trace requests to a particular dealer or distributor and other indicators) would identify those dealers sufficiently associated with crime guns to warrant action by manufacturers and importers.

Third-party oversight. The monitoring system would be subject to third-party review and oversight and its findings would be available to federal law enforcement. The third-party monitor would be financed under the agreement with extensive oversight powers.

II. SAFETY MEASURES

A. Existing safety features. Manufacturers and importers could be required to ensure that guns sold in the United States have existing safety features such as internal trigger locks, magazine disconnect safeties chamber-loaded indicators, or that they have comparable features

that accomplish the same purposes as these existing technologies. This would take the next step beyond the Administration's current legislative proposal to require dealers to sell child safety locks or other safety devices with guns.

B. Banning criminal-friendly features. Manufacturers and importers could be prohibited from including features that facilitate criminal activity or make it more difficult to apprehend and prosecute criminals, such as easily obliterated serial numbers or ability to accept large capacity ammunition feeding devices designed for military use. They could also be prohibited from selling their firearms to dealers that carry any of these kinds of products in stock through the code of conduct

C. Safety standards. Manufacturers and importers could be required to make or import guns that conform to safety standards set forth in the agreement. These safety standards would need to be developed, but could include requiring guns to pass certain tests (e.g., drop and jam tests). In addition, guns manufactured in the U.S. could be subject to the same factoring test that currently governs guns imported into the United States. The factoring test measures a firearms' suitability for sporting purposes and screens out poor quality guns.

D. Personalized technology. Manufacturers and importers could be required to develop and employ safety features, such as smart gun technology, within a particular timeframe. Personalized technology has the potential to prevent nearly all unauthorized gun use. A more modest alternative could require manufacturers to provide resources for research and development of new gun safety technology.

III. ADVERTISING AND MARKETING

Gun advertising. The firearms industry could be restricted from advertising on cable television, and to develop advertising standards that prohibit the targeting of juveniles or criminals. The industry could also be restricted from advertising within a certain vicinity of public housing authorities, schools, high crime zones or other areas vulnerable to violence.

→ Authority
→ 99 enforcement numbers

Jan. 6th - Delray
8th - air side
Jan. 21 - Las Vegas
22 - POTUS/LV
28 - Mayors

Leanne A. Shimabukuro

12/15/99 01:25:24 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP@EOP, Eric P. Liu/OPD/EOP@EOP
cc: Deanne E. Benos/OPD/EOP@EOP, Cathy R. Mays/OPD/EOP@EOP, Anna Richter/OPD/EOP@EOP
Subject: For 2:00pm meeting

→ HUD grant
→ Crack down on bad dealers
→ Police buy backs - auctions of guns safe - destruction
→ Retailers
→ Remo of jurisdiction

Here is an initial dump for the 2:00pm meeting of things we could potentially announce over the next 3 to 6 months. We kept open the issue of whether/how we would announce new legislation.

Our gun message should continue to focus on "keeping guns out of the wrong hands" -- from criminals who intend to use them to commit crimes, children who are prone to accidents, or individuals who simply don't know how to use them safely. Gun violence is a complex problem that requires everyone to play a role in its reduction -- that includes law enforcement, parents, schools, prosecutors and the gun industry.

Available deliverables in near term:

1. **Gun violence reduction strategy.** (early to mid-January) This is the response to the President's directive from earlier this year that was designed to provide a buffer in the enforcement debate. In response to the directive, all 93 U.S. Attorneys worked with ATF Special Agents in Charge and the local communities to develop gun violence strategies. (that serves as a deliverable item). The report will also lay the groundwork for current and new legislative/budget proposals: more resources at the state/federal level, stronger gun laws, industry accountability, prevention and local partnerships. It will turn the tables on the enforcement debate by showing that enforcement is more than prosecution, it is giving police tools to prevent crime -- and the industry plays a crucial role. The strategy could be rolled out with FY 2001 budget highlights for firearms enforcement.

challenge to industry

2. **Gun trafficking report.** (mid-January) This is a Treasury/ATF report based on ATF trafficking investigations. This report will present strong evidence that illegal gun trafficking is a serious public safety problem that must be addressed through aggressive enforcement. It will provide an analysis of distribution channels and how criminals utilize loopholes in our existing laws, such as gun shows, to obtain firearms. It will help lay groundwork for reforms to the gun industry.

1500 cases

3. **State of the Union.** (January 27th) The President could: (1) highlight ongoing need for existing legislative priorities (e.g., gun shows); (2) set marker for broader legislative or policy proposals, such as expanded background checks for all gun sales and licensing; and (3) emphasize firearms enforcement budget proposal.

4. **Gun commerce report.** (late February) This report will take a comprehensive look at the firearms industry and firearms production. It will also provide statistics on the small percentage of gun dealers who account for most crime guns. The report will provide an opportunity to stress the importance of industry self-regulation to prevent guns from slipping into the criminal market. The report could potentially be coupled with the announcement of new Treasury-proposed firearms regulations. [Note: Treasury won't say what these proposed regs are at this time.]

Bad dealers
Regs

5. **Youth Crime Gun Interdiction Initiative (YCGII) report.** (April/May) This will be the third annual report of the YCGII program that will show gun trafficking patterns with a special emphasis on

JP: Why not prosecute? Mellere-Volkmer as first of all probs.

* → DOD
Smart gun
→ NIS:
Smart gun
\$5m
\$8m

youth and the types of guns used in crimes in participating cities.. The President could announce the 12 new cities he has proposed to include in the program in his FY 2001 request.

Other ideas:

1. **NICS One-Year Anniversary report/National Instant Notification Program Announcement.** (With DOJ's help, this could probably be out as early as late February) The President could release the first annual report on the NICS system. This will provide a detailed analysis of operations including of the categories of persons prevented from purchasing firearms (similar to the six month report released in September). The President could also highlight a new proposal, the National Instant Notification (NiN) System to ensure notification of state/local law enforcement when prohibited persons, such as felons, have illegally attempted to buy firearms.
2. **Procurement Executive Order.** The President could issue an Executive Order directing the Attorney General and the Secretary of the Treasury to establish a code of conduct for all federal firearms contractors. There are still several issues to be resolved on this before we can proceed on the order.
3. **Police Gun Resale Event.** The President could join with national law enforcement organizations to condemn the practice of reselling used police guns and confiscated crime guns on the civilian market. The law enforcement organizations could issue a joint statement encouraging their members to end the practice, and the President could highlight funding in his budget to provide federal assistance to local authorities to achieve this goal.
4. **Mother's Day: Million Moms March.** (May) Depending on how this march is shaping up, the President could potentially be involved in the march and emphasize his efforts legislatively and in the budget to improve gun safety and to promote safe storage.
5. **DOJ/ATF PSA Campaigns.** Currently, DOJ/ATF have a small amount of money in their FY 2000 budgets that would allow them to begin PSA campaigns and other outreach efforts on gun safety and safe storage. Depending on when they are ready, the President could do an event to help launch these initiatives and highlight potential budget requests.

GUN LAWSUIT:

Q: John Podesta announced that the President will be asking for \$10 million in next year's budget to do research into "smart gun" technology, what is the viability of such technology?

A: For the last few years, we have funded some research to support the technological development of a "smart" gun. These guns would recognize the person who is authorized to fire it. There has been a little progress, but there are still some significant obstacles.

[If more is needed: Last year, we sought \$4 million to support this research, but none of that request received funding in the final appropriation. Recently, some manufacturers have submitted proposals to the Department for funds to support the technological development of smart guns, and in FY 2001, the Administration will seek \$10 million from Congress to support such development. The government cannot do this alone. The gun industry needs to be doing more to develop this kind of gun safety technology.]

Q: A number of bills have been introduced in the California Legislature calling for registration and licensure of handguns, do you support these ideas?

A: You have probably heard me say this before, but I will say it again. It's just common sense that we should not have guns in the hands of people who have not got the willingness and ability to use and store the gun safely and lawfully. Do you want someone to have a gun who doesn't know how to use it safely? So I don't know the specifics of exactly what they're debating in California, but I do think it's good for us to be discussing that issue.

Q: What's DOJ's role in both the cities' suits and the PHA's lawsuit?

- A: Reducing gun violence is a very high priority for me and for this Administration. We regularly participate in discussions regarding gun policy with others in the Administration. But neither the cities or the PHA's are federal agencies, so DOJ does not plan to have a direct role in either of those types of suits. We will remain involved in any discussions about gun policy, including discussions with gun manufacturers about changes in industry practices.
- Q: Did DOJ tell HUD that it should not file a federal suit?
- A: We are often asked for our legal advice from other agencies -- as we were in this case -- but do not make it a practice to discuss that advice publicly.
- Q: Were you asked for your views on the viability of a PHA suit?
- A: HUD is working directly with the PHA's who are considering filing suit. But DOJ is not involved in any discussions about legal theories. The DOJ is not involved in any litigation against the gun industry, nor do we plan to sue. This would not be a suit by the Administration or the federal government. The lawsuit that would be filed, on behalf of public housing authorities, would be brought to vindicate the interests of those entities, not to vindicate the interests of the federal government.
- Q: What reforms does the Administration seek?
- A: In general, the Administration believes that there are changes that the industry could make, in both the areas of distribution and marketing, as well as safety design, that would help reduce gun violence.
- Q: But what specific demands will the Administration be making on the gun industry to prevent the HUD suit?
- A: I won't get into specifics. We want to have a dialog with the industry, and with the cities and other governments that have sued, to see what they have already been discussing, and to see what kinds of changes can be made to do better at keeping guns out of the hands of those who should not have them, and to prevent needless gun deaths and injuries.
- Q: If there are settlement talks will DOJ be a party to them?
- A: We play an active role in the Administration's efforts to increase gun safety and reduce gun violence. We would, of course, hope to participate in any negotiations that would take place with manufacturers.



District of Columbia Housing Authority

1133 North Capital Street, Northeast
Washington, D.C. 20002-7599
(202) 535-1500
FAX: (202) 535-1740

Office of the Receiver
David Gilmore, Receiver

January 11, 2000

*Gans -
Public Housing*

The Honorable William Jefferson Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I write to offer the support of the District of Columbia Housing Authority (DCHA) to the proposed legal action brought by the Administration and the U. S. Department of Housing and Urban Development against the manufacturers of firearms. While this action will be initiated on behalf of the more than three million public housing residents in this country, its effects will impact the lives of every American.

Great strides are being made each day in the delivery of affordable, safe, decent, and sanitary housing to the nation's public housing community. I am proud to report that public housing in the District of Columbia is a productive and successful partner in this effort. Nowhere has this success been more evident than in the reduction of crime over the past four years in District of Columbia public housing. Violent crime in and around public housing has been reduced by more than 50% during this period. The reduction in homicides has been even more significant. Yet, forty people died violently in 1999 in and around public housing neighborhoods. An overwhelming number of these deaths resulted from firearms. Even one is too many!

The proposed lawsuit, or a settlement prior to filing, must bring more stringent regulation to the sale and distribution of firearms. Today's relatively easy access to firearms by every American leads to murder from simple arguments, suicide from moments of depression and accidental death from the curiosity of children. These causative factors are often exacerbated in the physical and socio-economic environment of public housing.

The Honorable William Jefferson Clinton
January 11, 2000
Page 2

I join with my colleagues in offering the support of the District of Columbia Housing Authority in this life-saving endeavor.

Sincerely,

A handwritten signature in black ink, appearing to read "David Gilmore", written in a cursive style.

David Gilmore
Receiver

cc: Bruce Reed ✓
Domestic Policy Council
Secretary Andrew Cuomo

January 12, 2000

Gun Litigation Settlement Monitor

To a significant degree, the nature of a monitor for any settlement with the gun industry will depend on the terms of the underlying agreement. The agreement as currently conceived would require manufacturers and importers to exert substantial control over their chain of distribution and to follow safety standards in gun design. Monitoring the distribution measures would require extensive inspections of dealers to ensure that they are, *e.g.*, maintaining the required inventory records and not selling prohibited firearms or ammunition. Monitoring the design requirements would require regular examination by experts of new firearms and of proposed designs for new firearms. Such monitoring could be effective only with a large, expert, and well-trained monitoring staff. Such a program would be expensive. Given the size of the gun industry (1997 sales revenues approximated \$1.2 billion), appropriations might be necessary to fund the monitor.

It is possible that ATF could play some role in monitoring the agreement (although Congress could always preclude such a role). To the extent the measures required by the agreement exceed current law, but relate closely to ATF's existing jurisdiction (*e.g.*, wait beyond 3 days for the completion of a Brady check), ATF may well be able to *monitor* compliance with the agreement. It would have to refer violations to another entity for sanctions, however, unless such violations also constituted regulatory or criminal violations. To the extent the measures required by the agreement fall outside ATF's existing jurisdiction (*e.g.*, dealer store security requirements), ATF could likely neither monitor nor enforce compliance with those aspects of the agreement without additional legislated authority. Treasury and ATF are receptive to an outside monitor playing a role in enforcing the agreement. This monitor would need to be structured so as (1) not to interfere with ATF investigations or otherwise raise law enforcement concerns and (2) to share information about potential violations of law with ATF.

Given the cost of an effective monitoring arrangement and the need for monitoring expertise, we believe that serious consideration should be given to seeking legislation to make ATF the monitor of any settlement. Regarding the design requirements, in other countries testing is performed on all firearms produced and is a governmental function. ATF currently conducts examinations of imported firearms based on design standards.

**The Housing Authority of the City of Atlanta, Georgia***"Helping People Help Themselves"***(404) 892-4700****Via Fax and Hard Copy**

January 5, 2000

RENÉE LEWIS GLOVER
Executive Director

The Honorable Andrew Cuomo
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, S.W.
Washington, DC 20410

Dear Mr. Secretary:

The Housing Authority of the City of Atlanta, Georgia (AHA) owns and operates approximately 10,000 public housing assisted units in Atlanta and administers approximately 10,000 Section 8 vouchers. Our mission is to provide excellent affordable housing for the betterment of our community. While Atlanta has enjoyed a dramatic decrease in crime over the past several years under the leadership of President Bill Clinton and Mayor Bill Campbell, too many of the neighborhoods in which AHA's communities are located continue to be plagued by significant gun-related crime, violence and safety issues. AHA spends millions of dollars each year on providing private security services to our communities. The ubiquity of guns in our society, including our communities, also creates enormous safety concerns for families. As a society, we all bear the repercussions of guns falling into the hands of children too young to understand the consequence of their actions. Far too many victims of gun violence are innocent children and bystanders who happen to be in the wrong place at the wrong time.

The AHA has been following with great interest the Clinton Administration's effort to hold the firearms industry accountable for the cost of gun violence. We fully support the Clinton Administration's effort to try to facilitate settlement of the litigation against the gun industry to change the way firearms are designed and sold across the country. We truly hope that the litigation can be resolved quickly in order to prevent further loss of human life. Improving the safety of guns is simply good policy.

We unequivocally support the Clinton Administration's position on this issue. Furthermore, given the importance of this issue, the AHA would be willing to support the Administration's strategies to reach a meaningful and successful compromise regarding gun safety, including, if necessary and appropriate, to participate in class-action litigation against the offending parties.

Sincerely,


Renée Lewis Glover
Executive Director

cc: The Honorable Bill Campbell, Mayor, City of Atlanta

DEPARTMENT OF HOUSING & URBAN DEVELOPMENT
OFFICE OF THE GENERAL COUNSEL
451 7TH STREET SW
WASHINGTON, DC 20410
(T) 202-708-2235
(F) 202-708-4087

**MAX STIER
DEPUTY GENERAL
COUNSEL FOR
LITIGATION**

Fax

| | |
|--------------------------|------------------------------|
| To: BRUCE REED | From: MAX STIER |
| Fax: 202-456-6542 | Pages: 2 |
| Phone: 458-5803 | Date: January 7, 2000 |
| Re: | CC: |

Urgent For Review Please Comment Please Reply Please Recycle

• **Comments:**

Fax

please deliver immediately



National Shooting Sports Foundation, Inc.

11 Mile Hill Road • Newtown, CT 06470-2358
Phone: (203) 426-1320 • Fax: (203) 426-1087

Date: 1/13/2000

Please deliver the following page(s) to:

Name: Bruce Reed

From: Bob Delfay

Company: _____

Fax number: 202-456-5542

Page 1 of 2

Message:

The issue became one of
shattering an industry consensus
that has been difficult
to build for mayoral/AG
discussions.

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National Shooting Sports Foundation, Inc.

AVENUE RIDGE OFFICE CENTER - 11 MILE HILL ROAD - NEWTOWN, CT 06470-2959 - 203 426-1320 - FAX 203 426-1037
WEB SITE www.nssf.org - E-MAIL rdclay@nssf.org

ROBERT T. DELFAY
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

January 13, 2000

Attorney General Elliot Spitzer
State of New York
Office of Attorney General
120 Broadway
New York, NY 10271-0332

Fax: 212/416-8942

**SUBJECT: WHITE HOUSE PARTICIPATION IN SCHEDULED
JANUARY 21 MEETING**

Dear Attorney General Spitzer:

As you may know, I tried to reach both you and Peter Pope earlier this week to discuss our scheduled meeting on January 21 in Las Vegas. In particular, I was interested in discussing your view about any White House participation in that meeting.

Over the past few days there has been extensive discussions among industry representatives regarding White House participation and we have determined that we are not prepared to meet with representatives of the administration at this time. I shall attempt to call Bruce Reed this afternoon to advise him of our decision.

We do wish to proceed with the committee discussions and meeting schedule previously agreed to between our respective groups.

I will be out of the office beginning tomorrow, but can be reached via voice mail at 203/426-1320, extension 218 or at Caesars Palace at 702/731-7110.

Sincerely,

Robert T. Delfay
President and Chief Executive Officer

RTD:dp

v.c.d

Summary of Terms

I. Design

2 - 1. Compliance with performance and design standards set forth in 18 USC § 925 and the strongest existing state law or regulation: 1/1/01. (esp. drop rear, firing pin blocks, transfer bars)

2. Serial number: placement in a location or multiple locations and visible only with the aid of an infrared detector or similar device: 6/1/00.

1 - 3. Locking devices

a. external: 6/1/00

b. internal: 1/1/01

2 - 4. Magazine safeties

a. introduced: 6/1/00

b. sold: 1/1/01

5. Sale of guns with warning on risk of guns in the home and proper home storage: 6/1/00.

2 - 6. Chamber load indicator: 1/1/01.

1 - 7. Prevention of operation by children 5 and younger: 1/1/01.

8. Prevention of accidental discharge, repeat firing, or risks of explosion: 1/1/00.

1 - 9. Authorized user technology: 1/1/04.

10. Agreement only to use materials in the gun's frame, barrel, cylinder that have a melting point above 900 degrees, have an ultimate tensile strength above 55,000 per square inch, and powdered metal with a density of more than 7.5 grams per cubic centimeter.

11. Agreement not to sell gun kits, guns that can be converted to an illegal firearm, guns with fingerprint resistance, or guns that accept magazines with greater than 10 round capacity.

12. Agree to retrofit existing guns with improved safeties as they become mandated.

II. Sales and Distribution

1. In addition to complying with specific terms, manufacturers, wholesalers and retailers shall commit to a standard of conduct to make every effort to eliminate suspect sales.

A. Wholesale and Retail Dealers

1. Manufacturers may only sell to authorized wholesale and retail dealers defined as those who possess a Certificate of Authorization (Certificate), renewed on an annual basis by the manufacturer, subject to approval of the Monitor. In order to be issued a Certificate a wholesale or retail dealer must:

- a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state, or federal law.
- b. Operate only from the premises listed on those licenses and permits.
- c. Certify on an annual basis, under penalty of perjury, compliance with all local, state, and federal firearms laws.
- d. Carry an appropriate amount of insurance coverage in amounts, at minimum no less than \$1 million for each incident of damage, injury or death.
- e. Make no sales over the Internet or at gun shows.
- f. Have no incentive sales programs or practices.
- g. Maintain an inventory tracking plan, subject to approval by the Monitor, which includes at minimum electronic recording of firearms acquisition and sales data, security from data loss, and forwarding of data to manufacturers and the Monitor.
- h. Implement a security plan for securing firearms and for excluding persons under 18 years of age not accompanied by parent or guardian.
- i. Not sell ammunition magazines able to accept more than 10 rounds, provide child safety lock and warnings with firearms, and sell only guns that comport with design criteria of Code, federal import standards, and assault weapons ban.
- j. Provide manufacturers, law enforcement, government regulators, and the Monitor full access to any documents deemed necessary by one of those parties.
- k. Agree to participate in and comply with all monitoring of firearms distribution by manufacturers, ATF, law enforcement, or the Monitor.
- l. Agree to maintain an electronic record of all trace requests initiated by ATF, and to report those traces to the manufacturer of the firearm and the Monitor within 24 hours.
- m. Agree to be subject to the jurisdiction of the Monitor and the court enforcing this Code.
- n. All employees attend training provided by manufacturers on an annual basis. Content of training shall be pre-approved by the Monitor.
- o. All employees pass a comprehensive written exam administered by Monitor before being allowed to sell or handle firearms.
- p. Provide all sales data to the Monitor for use in the Sales Data Clearinghouse.

2. Failure to adhere to any one of the provisions set forth in 1(a-p) above may subject a dealer to suspension or revocation of the Certificate by the manufacturer or the Monitor.

B. Wholesale Dealers - additional provision

- 1. Agree to sell only to other licensed and authorized dealers or directly to government purchasers.

C. Retail Dealers - additional provisions

- 1. Must be a stocking gun store with a minimum total inventory level and inventory for each manufacturer's product, and with a majority of revenue derived from sale of firearms and/or sporting equipment.
- 2. Agree not to sell to any federal firearms licensee that is not a licensed and authorized dealer under this Code.
- 3. Agree not to engage in sales that the retailer knows or has reason to know are being made to straw purchasers.
- 4. Agree not to sell to any person who has purchased a firearm within the previous 30-day period.

D. Manufacturers

- 1. Provide quarterly report of its own sales data and all downstream sales data to Monitor.
- 2. Agree to fund a Sales Data Clearinghouse administered by the Monitor.

E. Other terms

- 1. ATF trace requests for firearms recovered by law enforcement shall be rebuttable presumption of misconduct under Code. Burden shall be on Industry to prove firearm was sold properly. *(Some use cell trace data)*

→ III. Monitor

A. Authority

- 1. Funded by manufacturers, with budget set at level sufficient to perform duties. Monitor can seek court approval for additional funds.
- 2. Granted full access to manufacturer and dealer books and records.
- 3. Granted right to communicate information obtained in his or her oversight capacity to law enforcement.

4. 20 year term, subject to application by member of the Oversight Panel for extension of term. Manufacturers cannot withdraw.
5. Subject to removal only by the Oversight Panel and only for good cause. Manufacturers may object on grounds that good cause has not been established. If steps down, replaced within 30 days by Oversight Panel.
6. Shall have the authority to conduct interviews, perform tests, and retain investigators to conduct undercover sting operations and other unannounced investigation and audits.
7. Shall have a reporting line directly to the manufacturer's Board of Directors.
8. Shall promptly report any violations of the Agreement to the Oversight Panel, and may levy fines and sanctions for such violations.
9. Shall issue on a quarterly basis, public reports regarding manufacturers' compliance with the Agreement.

B. Manufacturer Cooperation

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer whose name and contact information shall be submitted to the Monitor.
2. Each manufacturer shall commit to full cooperation with the Monitor.
3. Prior to execution of agreement, the Oversight Panel will have an opportunity to review signatory manufacturers' documents regarding design, marketing, and distribution.

IV. Cooperation with Law Enforcement

1. Manufacturers shall fully disclose marketing, market research, development and production data and documents sought by law enforcement or regulators.
2. Manufacturers shall fire each weapon before sale and retain three fired casings and bullets. Of these, one set along with the weapon's serial number shall be provided to law enforcement.

V. Cooperation with Litigation

1. Manufacturers shall agree to cooperate in pending and future lawsuits.

VI. Legislation

1. Manufacturers shall support pending and proposed legislative efforts endorsed by the Oversight Panel.

VII. Education Trust Fund

1. Manufacturers shall establish a \$_____ trust fund to implement a public service campaign to inform the public on the risk of guns in the home and proper home storage, as well as the need to reduce gun violence.

VIII. Enforcement

1. The Agreement will be entered and is enforceable as a Court order and as a contract.



National Shooting Sports Foundation, Inc.

FLYTLICK RIDGE OFFICE CENTER • 11 MILE HILL ROAD • NEWTON, CT 06470-2358 • 203-426-1820 • FAX 203-426-1017
 WEB SITE www.nssf.org • E-MAIL rdelray@nssf.org

ROBERT E. DELRAY
 PRESIDENT AND
 CHIEF EXECUTIVE OFFICER

October 14, 1999

Mr. James Kenneth Hahn
 City Attorney
 City of Los Angeles
 1800 City Hall East
 Los Angeles, CA 90012

Attorney General Eliot Spitzer
 State of New York
 Office of Attorney General
 120 Broadway
 New York, NY 10271-0332

Dear Messrs. Hahn and Spitzer:

The nation's elected officials and the nation's leading manufacturers of firearms share a concern about the accidental and criminal misuse of firearms in our society. Yet, in recent months, some 30 city officials have filed lawsuits claiming that firearms makers are largely responsible for the accidental and criminal use of firearms and suggesting that these manufacturers have the ability, by their actions alone, to reduce or eliminate irresponsible, criminal and anti-social use of their products.

While the firearms industry is committed to the support of programs to reduce firearms accidents and violence, the industry does not have the legal authority to address these challenges on its own. To effectively reduce firearms misuse in our nation will require the cooperative effort of industry and elected government officials.

REDUCING FIREARMS ACCIDENTS

Firearms accidents account for some 4% of all firearms-related fatalities each year. Comprehensive educational programs have helped reduce accidental firearms deaths by more than 65 percent over the past 25 years (from 2,600 in 1973 to 900 in 1998). But more can be done. The firearms industry urges elected officials through their offices, their law enforcement departments, public health agencies and their public statements to support the following efforts:

Actions Which Can Be Implemented by Elected Officials

- Recognize firearms safety volunteers and organizations in "State of the City" and "State of the State" reports.
- Publicize firearm safety courses and offer the use of public facilities for safety classes.
- Make law enforcement personnel available to assist with safety programs and to help advise citizens that all gun stores and manufacturers have a variety of appropriate locking devices available (lockable boxes, padlocks, cable locks, trigger locks, safes, etc.). Help inform that trigger locks are unsafe on loaded guns.

Actions In Which Elected Officials Can Partner With Firearms Industry

- Acknowledge the firearms industry's commitment to firearms safety and its effective role in reducing firearms accidents.
- Enact and support "Project HomeSafe" – a partnership program to distribute firearms safety messages and locking devices to urban residents.
- Petition the entertainment industry to provide celebrities to assist cities and industry in production of safety messages for schools, theaters, television, magazines and newspapers.
- Include appropriate safety materials – which industry will provide at no cost – with each new handgun permit and with each renewal.
- Make handgun permit lists available to manufacturers as appropriate for safety notifications or when modifications are announced by the manufacturer.
- Place firearms safety posters in schools and community centers.

Actions Which Elected Officials Can Enhance Through Their Support

- Urge media to run free public service announcements regarding firearms safety and help publicize the availability of firearms safety training courses. Recognize participating media.
- Support private education campaigns regarding safe gun storage and children's avoidance of guns.
- Support regular and comprehensive gun safety education programs in schools, beginning with the "Stop! Don't Touch! Leave! Tell an Adult!" message in elementary schools, progressing to age-appropriate materials in higher grades.
- Assist in the distribution of gun safety education videos and related materials by non-profit groups (New Hampshire Firearms Safety Coalition, etc.).

REDUCING FIREARMS VIOLENCE

To impact the criminal use of firearms, the industry urges elected officials to:

Actions Which Can Be Implemented By Elected Officials

- Adopt New York and Boston law enforcement models of searching people for illegal guns during any street stop for reasonably suspected criminal activity.
- Direct law enforcement agencies to submit every gun seized in a crime to BATF for comprehensive tracking, not just to link gun to perpetrator, but to identify and prosecute illegal firearms sources.
- Implement and fund conflict avoidance and anti-social behavior recognition programs in city schools.

Actions In Which Elected Officials Can Partner With Firearms Industry

- Join industry in supporting increased funding for BATF.
- Support Federal funding of research into authorized-user recognition technology.
- Support Industry/BATF efforts to cut down on illegal sales, and support prosecution of all "straw purchases" and dealers who knowingly make illegal sales to the full extent under the law.

Actions Which Elected Officials Can Enhance Through Their Support

- Announce support of "Project Exile" to prosecute violent firearms offenses under tough Federal laws and aggressively publicize this effort.
- Petition the entertainment industry to eliminate gratuitous firearms violence and to donate their technical and artistic services to assist industry in the development and distribution of anti-violence messages.
- Enforce penalties for adults who allow child access to guns in violation of local law.
- Enforce all mandatory sentencing laws for use of a gun in a violent crime.
- Support no parole for violent offenders who use guns in commission of violent crimes.
- Refuse to plea bargain gun charges and urge media to publicize that fact.
- Support public education campaigns regarding anger management, depression and suicide avoidance.
- Urge Federal officials to apprehend and prosecute all persons who are denied purchase of a firearm during the required background check if the reason is an outstanding violent felony warrant.
- Urge aggressive prosecution of illegal firearms purchases by convicted felons.

THE WHITE HOUSE
WASHINGTON

DOMESTIC POLICY COUNCIL

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COMMENTS: Second document for review

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PROPOSED REVISIONS TO INDUSTRY REFORM

I. ITEM RECOMMENDED FOR ELIMINATION:

*Need
Some ATF
trace data use (e.g., certain level triggers a response/inquiry)*

(a) The proposed provision to allow ATF crime gun traces to serve as a rebuttable presumption of misconduct should be eliminated because it could discourage cooperation with ATF trace requests and hinder investigations.

II. REVISIONS AND QUESTIONS

A. DESIGN

- (1) **DUE DATES:** Due dates for design changes must be reworked to meet new timelines of negotiations.
- (2) **SERIAL NUMBERS:** Direction to manufacturers and importers on elimination of easily obliterated serial numbers should be consistent with new ATF regulations being released this year. [How far beyond should they go? Treasury proposal on this?]
- (3) **POINT SYSTEM:** A safety point system, that also includes mandatory features, for domestic firearms can be created that is similar to the ATF "factoring test" to ensure the safety and quality of imported firearms. Through this system, inclusion of a number of safety features can be assured without limiting manufacturers to specific products that might not work as effectively with their firearms. This would include provisions such as: locking devices, magazine disconnect safeties, chamber-loaded indicators, prevention of accidental discharge, repeat firing or risks of explosion and overall material quality.
- (4) **MATERIALS:** Gun manufacturers are moving toward the use of new materials, such as polymers, to construct firearms. Thus, overall material quality goals must be created instead of limiting this section to metal quality only.

B. DISTRIBUTION

- (1) **MONITOR:** This concept must be developed further. The third party monitor should be responsible for ensuring compliance with the terms of the agreement. The monitor would be independent of ATF, because some of its functions -- both in verifying

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compliance and punishing non-compliance -- are outside of ATF's statutory authority. At the same time, ATF has a role to play in helping ensure compliance, and the monitor should be set up to complement and enhance ATF's regular enforcement efforts rather than impede or duplicate them. We will need to develop an operational concept of how ATF and the monitor will work together.

make a provision

(2) CODE OF CONDUCT:

- a. **INSURANCE:** The purposes for requiring insurance must be reviewed, and cost estimates must be provided to properly evaluate this provision.
- b. **INTERNET SALES:** Currently, licensed gun dealers are legally prohibited from completing firearms sales transactions over the Internet because there is a ban on mail order firearm sales. Purchasers initiating Internet gun sales from licensees must pick up their purchase in person from the licensee or a licensee in their state. However, Internet advertising may leave open the increased possibility for unscrupulous licensees to illegally traffick weapons with little oversight from law enforcement. The benefits of including this provision must be evaluated further.
- c. **COMPUTERIZATION OF RECORDS:** Requiring gun dealers to computerize their records will provide a helpful enforcement tool. However, requiring smaller gun dealers with small inventories to finance the computerization of their records may prove to be unreasonably onerous.
- d. **ACCESS TO DOCUMENTS:** In allowing more than one enforcement entity access to documents, care should be taken to ensure that original documents should never leave the premises of a licensee unless the ATF is using them in the course of an investigation.
- e. **TRACE REQUESTS:** A 24-hour time limit on forwarding trace requests to manufacturers or the monitor could impede open ATF investigations. Trace requests should not be forwarded to manufacturers or any other entity not approved by the ATF.
- f. **STOCKING GUN DEALER:** Requiring retail dealers to be stocking gun stores with minimum inventory levels may have a negative impact on legitimate rural gun dealers. Also, requiring that dealers derive the majority of their revenue from firearms sales or sporting equipment could eliminate sales through larger legitimate licensees, such as K-Mart. We can work on recrafting these requirements.

*very not
2. # law
unless ATF
signature*

- (2) **ONE GUN PER MONTH:** This provision should only pertain to handgun sales (and assault rifle sales). As a negotiating tool, alternate proposals to create waiting periods for multiple sales should be considered.

Handwritten initials

THE WHITE HOUSE
WASHINGTON

DOMESTIC POLICY COUNCIL

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COMMENTS: ① list of items that were on our list, but not the city's list
② list of ^{new} items for consideration.
③ On the way → list of recommended changes / del
from city's list.

Additional Provisions for Industry Reform

DISTRIBUTION

- (1) Code of Conduct should also include provisions prohibiting manufacturers and importers from doing business with dealers who do not comply with the following:
 - a. Consent to up to three unannounced ATF inspections per year.
 - b. Refrain from selling semiautomatic assault rifles to youth under 21.
 - c. Require identification for ammunition purchases to ensure legal age for purchase.
 - d. Complete annual inventories with reports on thefts.
 - e. Postpone all gun sales/transfers to non-licensees until final background check approval is provided by NICS.

- (2) Manufacturers and importers should also agree to the following:
 - a. Computerize their inventory to facilitate linkage with the ATF tracing system through ACCESS 2000. [with a possible exception for manufacturers or importers that handle under a threshold volume.]
 - b. Establish security procedures for their factories and shipping.
 - c. Verify the validity of licenses against a database to be maintained by ATF — before shipping firearms to any FFL.
 - d. Forego sales to dealers or distributors under indictment.

ADVERTISING/MARKETING

- (1) Manufacturers shall agree to develop advertising standards that prohibit the targeting of juveniles or criminals. For example, firearms could not be advertised as "fingerprint proof."

- (2) Manufacturers may also be restricted from advertising within a certain vicinity of public housing authorities, schools, high crime zones or other areas vulnerable to violence.

Industry Reform Recommendations for Comment

HUD SUGGESTIONS:

- ☐ Manufacturers agree to support legislation to allow a federal agency to collect detailed information about every shooting or gun death.
- ☐ Manufacturers agree to track gun models and modify, limit or discontinue those used disproportionately in crime.
- ☐ Manufacturers void warranties on any gun that is transferred from the original purchaser unless the transaction takes place through an FFL with a background check.
- ☐ Manufacturers agree not to manufacture or sell assault weapons as defined by California law (with an exception for law enforcement and the U.S. military).
- ☐ Manufacturers to only make and sell guns that meet the physical size limitations applicable to imported guns.
- ☐ Manufacturers refuse to sell to dealers whose place of business is in an area zoned as residential.

TREASURY SUGGESTIONS:

- Licensed dealers could be required to submit firearms identification information, such as make, model and serial numbers, to the ATF National Tracing Center on all used guns coming into their inventory.
- The Code of Conduct would require dealers to only sell to individuals who have been trained in the safe use and storage of firearms.