

Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft agreement	[Gun Industry] Settlement Document (22 pages)	03/13/00	P5
002. draft letter	Reed to Eliot Spitzer re: Letter of March 6, 2000 and Moving Forward (3 pages)	03/13/00	P5
003. draft agreement	[Gun Industry] Settlement Document (21 pages)	03/16/00	P5

COLLECTION:

Clinton Presidential records
 Domestic Policy Council
 Bruce Reed (Crime)
 OA/Box Number: 21553

FOLDER TITLE:

Guns-Smith and Weeson [3]

rs25

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]

January 2000

Working Draft -- Confidential

Comments on Government/Industry Partnerships to Help Prevent the Criminal and Accidental Misuse of Firearms

These comments and background information are offered in an effort to improve dialogue between industry and elected officials and to lead toward partnerships to help prevent the criminal and accidental use of firearms.

In offering this information, we have attempted to address certain misconceptions about our industry and sincerely hope that these comments will be received in the positive and constructive context in which they are offered.

Distribution/Industry Monitoring

The firearms industry, as represented by the members of the National Shooting Sports Foundation, is concerned with the illegal and irresponsible use of its product. At the same time, we must emphasize that such uses represent an extremely small percentage (.002) of all firearms use.

It is impossible to overstate our conviction that no manufacturer makes its handgun, rifle or shotgun intending that it be used in a crime, suicide or an accident. It is the unintended misuse of our industry's products—the criminal, irresponsible, careless and anti-social use—that concerns all Americans and challenges law enforcement, elected officials and our industry.

The industry has long supported legislation and regulation that would impact the illegal sales of firearms at all levels of distribution, ranging from the

National Instant Criminal Background Check (NICS) in 1998 to components of the Gun Control Act of 1968. Nevertheless, we—like many Americans—are frustrated at the apparent lack of enforcement and prosecution of the laws we have supported.

Today, we continue to actively support and encourage more aggressive and innovative methods of identifying and prosecuting illegal firearms transactions and increased funding for law enforcement, including increased funding for ATF efforts to reduce straw purchases and to conduct traces of all firearms used in crime. (See Legislation section.)

Industry Monitoring

It has been suggested that industry should take a more active role in monitoring all aspects of firearms distribution and in taking action against those who are suspected of illegal or questionable activity.

Congress has established the Federal Bureau of Alcohol, Tobacco, and Firearms (ATF) as the agency to set the appropriate rules, regulations and controls of the Federal law.

Manufacturers have routinely and actively assisted ATF in investigating suspected illegal activity. **It must be emphasized that ATF has consistently told our industry that it does not endorse manufacturers conducting “side investigations” of suspected illegal activity by retailers. While responsible manufacturers will assist the ATF in any reasonable way in addressing illegal commerce, ultimately ATF must take the lead in any policing function. Consistent with this position, we feel strongly that the ATF and other appropriate law enforcement agencies must be provided with the resources to aggressively investigate and prosecute illegal firearms transactions. Such efforts have always had industry’s widespread support and that support remains.**

If recent studies are accurate, the majority of firearms traced to crime were originally purchased from less than 1% (less than 400) of licensed retail dealers.

This is an average of less than eight retailers per state. Active investigation of these retailers should not present a major law enforcement issue.

However, these retailers should not be presumed to have engaged in questionable conduct. Significantly, not all firearms traced by law enforcement authorities are involved in crimes or accidents. Many are lost or stolen. And the number of traces for a retailer is related to sales volume.

We are genuinely committed to doing what we can, but we should not be expected, at the threat of litigation, to interfere with the efforts of law enforcement. It bears repeating and it bears emphasis. **Law enforcement has stated they do not want industry's independent, unauthorized intervention in this area. For a variety of reasons, including the safety of law enforcement officers and the integrity of investigations, law enforcement, and not industry, must be allowed to lead investigations of illegal firearms commerce.**

It may also be relevant to note the lack of resources available to industry to undertake an investigative role. The overall firearms industry has less than \$1 billion in annual sales. The budget of ATF by comparison, is approximately \$550 million and we suspect the total profit of the firearms industry is rivaled by the law enforcement budgets of single states.

Cooperation with Law Enforcement

The firearms manufacturers have a long track record of cooperation with law enforcement and support of increased enforcement of firearms law violations.

- Industry has recently met with representatives of the ATF to discuss opportunities for increased cooperation in impacting straw purchases and illegal trafficking in firearms and to cooperate with ATF in sponsoring and administering educational programs for retailers to assist them in recognizing and responding to potential straw purchases.

- The industry has also expressed its interest in sponsoring a joint industry/law enforcement meeting on the issue of illegal firearms sales continuing our policy of working with law enforcement officials.
- In early 1997, representatives of the industry participated in a technical assistance focus group sponsored by the International Association of Chiefs of Police (IACP) to develop concepts for use in the Bureau of Justice Assistance (BJA) funded firearms interdiction and investigations projects. Again, industry representatives made a strong plea to trace every firearm picked up during an arrest of any criminal and pledged the support of the industry to develop an expedited tracing program with the ATF Tracing Center. ATF Project LEAD uses this data to determine patterns of illegal trafficking of firearms to criminals, assisting law enforcement efforts to eliminate these illegal sources.
- Several years ago, representatives of the industry met with the Northeast state Attorneys General to discuss possible joint efforts to deal with illegal trafficking of firearms. At the meeting, industry representatives made a strong plea to the Attorneys General to trace every firearm picked up during an arrest of any criminal and pledged the support of the industry to develop an expedited tracing program with the ATF Tracing Center. In Boston, this program had proved to be a successful method to reduce illegal trafficking of firearms to criminals.

While our industry might not be mindful of all the challenges facing the court system, it is unlikely that any legislation or regulation can prove effective without more aggressive prosecution.

Our law enforcement agencies know it is a tiny minority of repeat violent felons who commit the vast majority of violent crimes. Ironically, when the detection of such persons attempting to purchase a firearm is accomplished by the required NICS Instant Background Check, law enforcement seems somehow reluctant or hampered in their efforts to apprehend such felons. Surely, in the name of crime prevention, such efforts can and should be stepped up. Likewise,

illegal gun carrying and use charges, which generally come with some mandatory minimum sentence, are routinely plea-bargained away. **This surest form of prevention, which is the very teeth of the criminal laws enacted to protect society, cannot be ignored on the one hand while new laws are proposed with the other. It is illogical, if not unfair.** Illegal gun use should always carry an enhanced penalty to prevent and deter armed criminals. Industry wants those who illegally misuse our products to be prosecuted.

Cartridge/Projectile Tracing

The suggestion/proposal that firearms manufacturers fire a cartridge from every firearm prior to shipping and keep a record of the individual markings on the cartridge and/or bullet is clearly an area in which industry might be able to further assist law enforcement.

At this time, it is our understanding that this computerized fingerprinting and recording concept is not fully proven or reliable for cartridge identification, but progress is being made.

Bullet identification is more problematic. Often, individual markings within a gun barrel and chamber will change significantly with routine use, cleaning and wear. There are other complicating factors such as the fact that the impression from a lead bullet could be demonstrably different from a jacketed bullet fired from the same gun. This having been said, the industry is monitoring the status of technology in this area and will continue to seek the input of law enforcement on the issue.

Addressing Crime as A Crime Problem

To impact illegal gun sales effectively, industry strongly supports the following federal, state and local law enforcement initiatives:

- Trace all guns seized in violent crimes, e.g., ATF Youth Crime Gun Interdiction Initiative—and then prosecute all illegal sources.

- Prosecute all illegal firearms-use crimes and enforce mandatory minimum sentencing laws and enhanced penalties for use of guns in violent crime. The illegal use of a gun should always carry some strong penalty as a deterrent.
- Refuse to “plea-bargain” illegal gun use charges.
- Prosecute all attempted purchases of guns by felons, as revealed by the mandatory background check.
- Use the media to publicize that cities and states are serious about prosecuting illegal gun use (e.g., Project Exile).
- Prosecute all “straw purchasers” and dealers who knowingly sell to them, and immediately notify ATF of any suspect dealer.
- Support increased funding for ATF in Congress.
- Refuse parole for violent offenders who use guns.
- Support expansion of “Project Exile” to use tough Federal laws to prosecute gun crimes.
- Implement searches for illegal guns during any street stop for reasonably suspected criminal activity (e.g., Boston Gun Project).

Legislation

Much is written about the industry’s opposition to “gun control.” Let us cite a number of legislative initiatives the industry supports:

- **Instant background checks at gun shows**
Industry supports background checks at gun shows provided the FBI does not maintain the names in violation of the law and State and Federal law enforcement and prosecutors agree to be more aggressive in prosecution of felons turned up by the background checks.
- **Mandatory locking devices**
Locking devices are now included with more than 90% of all new handguns. The industry could support the mandatory inclusion of

locking devices with all firearms sold if part of an overall safety program and with appropriate liability safeguards.

- **Mandatory penalties for adults who allow children access to guns**

The industry could support this position, but realizes this is a complex issue. Drafting of legislation would be difficult and critical.

- **Zero tolerance for unauthorized firearms in schools**

The industry supports a zero tolerance policy for firearms in schools.

Any individual bringing a firearm to school for other than a previously approved or licensed activity, and any individual threatening or joking about bringing a gun to school for criminal purposes would be subject to immediate suspension and prosecution.

A Commitment to Safety

No private or government entity is more concerned with firearms safety and a continued reduction in firearms accidents than those companies that manufacture firearms. **The firearms industry invests millions of dollars annually in safety programs and materials and these efforts have played a very major role in a very positive downward trend in firearms accidents.**

Out of the estimated 220,000,000 firearms in the hands of approximately 80,000,000 gun owners, about 900 annually, are involved in fatal accidents of all types (including hunting accidents) in all age groups. While any accident is tragic, the conclusion is inescapable that the vast majority of gun owners own and use their guns safely and responsibly and that the guns themselves contain appropriate safety mechanisms that help consumers use them safely.

There are approximately 210,000,000 motor vehicles in use in America, resulting in more than 43,000 accidental deaths annually. While we do not suggest that it is fair or reasonable to draw comparisons between the percentage of automobile and firearms involved in fatal accidents, it is nonetheless intriguing to

note that the number of fatal accidents for automobiles is roughly 40 times those for firearms, yet the total number of each is roughly equal. If nothing else, we believe this suggests that the vast majority of firearms can be—and are—used safely and responsibly by the vast majority of citizens.

Traditionally, the firearms industry has aimed its educational efforts at that segment of the population it is most in touch with—gun owners and users. We have been markedly successful. **Over the past 20 years, firearms safety education programs sponsored by industry, by the National Rifle Association, Boy Scouts, 4-H, American Legion, the U.S. Jaycees and others have reduced the number of accidental firearms fatalities in the home by 50%—from 1,400 in 1974 to 700 in 1995.** Over the same time frame, 1974-1995, accidental automobile fatalities have declined less than 10 percent. The 1998 home firearms fatality total, according to the National Safety Council, was the lowest since 1903.

Similarly, over the past 15 years, fatal hunting accidents have declined from 400 to less than 90. These are encouraging statistics made possible by well-conceived and aggressively implemented educational programs. But more can be done—and will be done. Such as Project HomeSafe.

Project HomeSafe

Recently, our industry has launched a major new effort to bring our safety message to children and adults who are not familiar with guns, but who may encounter them in their homes and in the homes of others.

Entitled “Project HomeSafe,” this national partnership effort will enlist the support of government officials, law enforcement, educators and media in bringing a safety message and safety materials, including firearm locking devices, to our nation’s major metropolitan areas.

The Project HomeSafe program includes not only appropriate safety messages but also distribution of gun locking devices, which are provided at cost by the National Shooting Sports Foundation.

We have committed more than \$1 million to this effort. We earnestly solicit government assistance and partnership in this significant effort to accelerate the decline in firearms accidents.

Safety Devices

Many gun control advocacy groups attempt to discredit the legitimate firearms industry by continually repeating alleged “facts” that are, quite simply, untrue. Among these is the claim that manufacturers fail to include “the most basic” safety devices on their firearms. The manufacturers of high quality firearms have not done enough to dispel such inaccuracies and welcome this opportunity to begin setting the record straight.

The “experts” most often quoted on the issue of safety design often know little or nothing of the mechanical realities and true safety aspects of firearms, do not understand the motivations and preferences of law-abiding gun owners and do not concern themselves with the unknown or unforeseen consequences of their recommendations. The manufacturer, on the other hand, must consider these aspects of design and firearms use most carefully. Destroying the utility of firearms and indeed making them less safe in the name of making them “safer” cannot be condoned by any responsible manufacturer. Along these lines, let us review the issues and realities involved with a number of proposed mandatory safety features:

Loaded Chamber Indicators

Loaded chamber indicators are mechanical devices which are intended to assist the user, through the position of the indicator, in determining whether a firearm has a loaded cartridge in the chamber. Loaded chamber indicators do exist on some firearms when it is appropriate and feasible for their design. The decision as to whether to include such a device has been made by the individual manufacturers.

Loaded chamber indicators were originally made for military firearms where trained users could feel for a protuberance on the gun in the dark to

ascertain that it was loaded. They were never intended to be a substitute for checking to see if a gun is loaded by simply peering into the chamber.

It cannot be overemphasized that any individual who has had even the most basic training in firearms safety and operation knows the importance and the proper procedure for checking to see if a cartridge is loaded in the chamber of the firearm. At the same time, people who are untrained in firearms use would have no way of knowing the significance of a loaded chamber indicator. They would have absolutely no idea of what a chamber load indicator was telling them.

Further, it is a reality of firearms design and metallurgy that loaded chamber indicators have never been successfully used commercially on 22 caliber firearms, by far the most common caliber, because the very thin brass case of 22 rimfire cartridges (which must be ductile and soft enough for the firing pin to actually crush in order to fire them) would rupture at the site of any hole drilled into the chamber for a loading indicator. Indeed, the same pressures that fire the projectile out the barrel could blow the indicator out of the gun with dangerous force. **This is not the case of technology being ignored by manufacturers—rather, it shows their concern for the safety of their customers and their awareness of manufacturing and design realities.** It is perhaps tempting, but nonetheless dangerous, to pursue enhanced safety by merely adding another (unsafe) safety mechanism advocated by technically ignorant persons.

Magazine Disconnects

Magazine disconnects are mechanical devices which make semi-automatic handguns (pistols) inoperable if the magazine is removed.

Magazine disconnects are not a mechanical safety panacea, and their use should not be mandated. A minority of pistols have been designed by their manufacturers to include such devices, but even among a single manufacturer's models, one can find some guns with them and some without. While it is true that a pistol so equipped cannot discharge a chambered cartridge if the magazine is

removed, it also renders the pistol useless in a life-threatening situation if the magazine is dropped, which is why law enforcement agencies usually specify that their guns not have magazine disconnects.

Regrettably, this technology can “backfire” in the hands of an inexperienced user. A user who picks up a loaded gun with no magazine in it cannot fire the gun. However, if he or she then inserts an obviously empty magazine into the gun, the gun will now fire.

It is safe to say a great difference of opinion on the efficacy and safety of magazine disconnects exists, and that they, therefore, should not be mandated. The use of magazine disconnects should be left to individual manufacturer design and consumer choice.

Drop Tests/Recalls

All guns of new design manufactured since 1985 and conforming to SAAMI/ANSI Standard 299.5 are already resistant to firing if abusively mishandled or dropped. While many older firearms can discharge if dropped, under certain circumstances, all have provisions to avoid such firing. Most importantly, however, all can be, and are, used safely by the vast majority of their users. Many of the most historically significant collectible and valuable firearms associated with the American West can discharge if dropped when improperly handled; but accidents with these guns are extremely rare, and even the most devout gun detractors do not suggest that these large, heavy, slow-firing guns are a favorite of criminals. “Drop testing” them would be a destructive, if not pointless, test. Forcing recalls of guns that might conceivably go off if dropped when this is simply not a safety problem is not the best use of limited resources that could be more effectively invested elsewhere—particularly toward increased safety education or crime prevention partnerships.

It should be pointed out that there have been hundreds of voluntary recalls, retrofits and safety notification procedures voluntarily undertaken by the firearms

industry throughout the last 30 years, which also undoubtedly have contributed to the ever-decreasing firearms accident rates. This has been without a single government mandate to do so, and often when no injury has occurred. We want our customers to have the best products we can make and have spent many millions of dollars when we discover that something may be amiss. We will continue to do so.

In Conclusion

No one abhors the criminal, irresponsible and careless use of firearms more than the people who make those firearms. The debate over the role and the acceptability of firearms in our modern society revolves around the unintended use of firearms and ammunition, which is roughly .002% of all firearms used.

Please allow us to restate our conviction that no manufacturer makes its handgun, rifle or shotgun intending that it be used in a crime, suicide or an accident. It is the unintended use of our industry's products—the criminal, irresponsible, careless and anti-social use that concerns and challenges law enforcement and industry.

We believe that to suggest that firearms manufacturers produce and market their product with the criminal in mind is untrue and unproductive. The firearms industry most certainly does not suggest that the criminal use of firearms is not a serious national problem. But we do strongly maintain that it is a crime problem and not an issue of irresponsible manufacturing or marketing. An objective analysis of crime statistics and firearms use reveals that 99.998% of firearms use is by responsible, law-abiding citizens.

We genuinely appreciate the opportunity to offer our views, positions and proposals on these critically important issues.

As OPEC Keeps Output Cuts in Place

COMMODITIES

By MATTHEW F. GALLAGHER
Dow Jones Newswires

NEW YORK—In the oil market, the new year is beginning to look a lot like the old one.

Production curbs by the Organization of Petroleum Exporting Countries helped crude prices double in 1999, although that bullishness began to fade late last month as the member countries' compliance rates with the cuts began to slip. Venezuela, in particular, hinted it might want to sell more oil to cash in on higher prices, and traders were disappointed when no year 2000 transportation glitches emerged to justify more demand.

But as of last Friday, that all seems like a distant memory. Crude-oil futures rocketed at the New York Mercantile Exchange, pushing the market to a settlement above \$28 a barrel for the first time since November 1990.

Confirmation on Friday from an OPEC subcommittee meeting in Vienna that the group's output-reduction pacts will be extended beyond a March phase-out date fueled the move higher.

The meeting included oil ministers from Iran, Venezuela, Kuwait and Nigeria. Some ministers have called for the cuts to run throughout 2000, while Venezuela wanted only a six-month stretch.

But OPEC showed its determination to keep the cuts in place by offering Venezuela economic aid, rather than dispensation to raise its output.

"An extension is a lot more believable now," said Bill O'Grady, an energy analyst with A.G. Edwards in St. Louis. "We have a better idea of how long the cuts will remain, and offering aid to Venezuela should have silenced any doubters."

February crude gained \$1.33 a barrel to settle at \$28.02. For the week, the contract was \$3.35 higher.

Product futures followed, with colder weather and forecasts for more of the same in the Northeast U.S., the world's largest heating-oil market. That lent additional support to February heating oil, which gained 4.53 cents a gallon to settle at 73.81 cents, the highest settlement for heating-oil futures since November 1991. February gasoline gained 3.25 cents to settle at 74.52 a gallon.

Mr. O'Grady added that if Venezuela didn't get OPEC's aid, it would likely have raised output, which would have forced other OPEC members, including Saudi Arabia, by far the largest oil producer, to do the same. "Venezuela's biggest market is the U.S. And the U.S. is also the Saudis' biggest market. Riyadh wouldn't have allowed Caracas to eat into its market share," he said.

While some worry that the market may be overbought in the short term, others think the current rally is just the start of a more powerful move higher.

"If OPEC is for real, oil should be more like \$38 a barrel, not \$28," said Adam Sieminski, an oil analyst with B.T. Alex Brown in Baltimore. "Fundamentals suggest we're going to run out of oil."

Mr. Sieminski, though, said he's an OPEC skeptic and will remain so until he reads the fine print. "Will the cuts be the full 4.3 million a day, or will they agree only to extend, say, cuts of two million barrels a day?" he said.

Other skeptics were hard to find. The prevailing attitude toward the group is very different from the shaken confidence seen in early January, when OPEC production surveys showed the group's compliance with its cuts had slipped.

However, some bulls are worried that forces outside OPEC may lead to a massive sell-off. An analyst said the U.S. will try to convince OPEC that higher oil prices will derail world-wide economic expansion, which drives crude demand. If that fails, Washington may use the threat of selling some of the 575 million barrels in the Strategic Petroleum Reserve, along with its military relationship with Saudi Arabia, OPEC's most influential member, to pressure the group on output.

But A.G. Edwards's Mr. O'Grady said a closer examination of oil prices in real terms suggests the market can push even higher, without threatening to send the

U.S. or the rest of the world into recession. "In 1990 dollars, the price for a barrel of oil is \$21," he said. "The oil rally has been stealthy. There's been little translation of higher oil prices into higher consumer prices. OPEC knows this."

As for an indication of how OPEC will respond to the argument that high oil prices may stunt the growth of gross domestic product, Mr. O'Grady points out that Saudi Arabia has mostly countered such claims by calling for consuming countries to reduce petroleum taxes, which can add substantially to prices, if they're concerned about high oil prices. "I don't think the GDP argument is a very convincing one for OPEC," he said.

In other commodity markets:

PORK BELLIES: Futures gained at the Chicago Mercantile Exchange as a result of strong demand, analysts said. The February contract rose by its three-cent limit to 85.52 cents a pound, a contract high. Earlier in the session, there was talk of a weaker cash market to come. "You continue to hear that talk, but the demand for bellies is strong," said Don Roose, president of U.S. Commodities in West Des Moines, Iowa.

PALLADIUM: Futures slipped at Nymex on news that Russia is selling metal to spot buyers in Japan, dealers said. The March contract fell \$6 to \$411 a troy ounce. Russia has sold around 1.5 metric tons, or around 50,000 ounces, in recent days, which in a thin market has been enough to push prices lower, said one trader. Russia is the world's largest producer of the metal, but its exports have been sporadic in the past three years.

—Debbie Carlson and Jamie McGeever

Smith & Wesson CEO Is Gun Industry's Maverick

Shultz, Eager to Settle Lawsuits Against Firearms Makers, Recommends Compromise

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

SPRINGFIELD, Mass. — Sitting in his no-frills office here, Ed Shultz, chief executive of Smith & Wesson Corp., stretches his arms wide to explain the current litigation against the gun industry.

"Over here," he says, tapping the conference table with his right hand, "I've got people who say any compromise leads to the end of all gun rights. Over here" — tapping his left hand — "I've got people who want guns to disappear."

Tapping in the middle, he adds: "We're here."

Mr. Shultz wants to settle the wave of municipal lawsuits that is distracting and draining the gun industry. In the current issue of Shooting Industry magazine, he exhorts others in the firearms business to consider a truce with their foes:

"We can circle our wagons tighter and try to convince ourselves that we are absolutely correct in our positions, or we can go out, talk to, and meet our opponents, while earnestly trying to understand what motivates them and how we can impact the issues."

Coming from the head of the nation's largest handgun manufacturer, these pronouncements are getting attention in gun circles. The com-

ments are also timely, circulating just as the gun industry meets this week in Las Vegas for its main annual trade show. Industry officials have agreed to hold another round of preliminary settlement negotiations there on Friday with representatives of some of the cities that have sued, as well as with officials from New York state and the Clinton administration, both of which have threatened to file antigun suits of their own.

In urging a conciliatory approach, Mr. Shultz has some support among gun makers. Paul Januzzo, vice president and general counsel of the U.S. unit of Glock GmbH, the Austrian handgun maker, says: "None of us in the industry think these lawsuits make sense legally, but I generally agree with Ed that we can't just draw a line in the sand and refuse to budge."

However, some other major gun makers such as Sturm, Ruger & Co., Southport, Conn., have taken a much harder line. "The entire topic of compromise clouds the fact that these suits are wrong, an abuse of judicial process," says Stephen Sanetti, vice president and general counsel of Ruger, the largest overall gun manufacturer. "We have not embarked on any settlement discussions of any kind."

The National Rifle Association has warned against any agreement that infringes on the rights of the gun owners it represents—a warning the industry takes seriously because of the NRA's ability to influence customers. Even Mr. Shultz acknowledges there are some demands he isn't prepared to meet.

Still, he says forward-thinking gun executives should shake off their resentment of the lawsuits and figure out what changes in the manufacturing and distribution of guns will cause their antagonists to go away.

Don't misunderstand, Mr. Shultz is quick to say: He has a dim view of what he calls "greedy" plaintiffs' lawyers and "extremist" antigun activists who generated the suits filed by 28 cities and counties. "But I'm a pragmatist," explains

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the 58-year-old executive, who came to the gun business only eight years ago. Contrary to what the famously combative NRA might argue, he adds, "you don't have to sacrifice the Second Amendment to get this resolved." An NRA spokesman declined to comment.

This isn't the first time Mr. Shultz has exerted this sort of leadership. In 1997, as gun-control proponents in Congress tried to pass legislation requiring safety locks on all firearms, Mr. Shultz unilaterally announced that Smith & Wesson would provide locks with its guns. Most of the rest of the industry later made the same pledge at a White House ceremony, drawing harsh criticism from the NRA for dealing with the Clinton administration.

A longtime gun owner with a blunt manner, Mr. Shultz lacks the emotionalism about firearms common in the industry. He took over a stumbling Smith & Wesson in 1992, when its British parent, Tomkins PLC, hired him. His earlier career included stops in the construction, power and recreational-equipment industries.

Mr. Shultz has thoroughly revamped the gun company, modernizing its factory, cutting the work force by about 50% to 750 people, and diversifying into such products as specialty auto parts and police computer software. Annual revenue exceeds \$110 million, Mr. Shultz says, but he won't discuss exact financial figures.

One dollars-and-cents reason to resolve Smith & Wesson's legal troubles is that Tomkins, as part of a larger restructuring, has explored selling the company, according to people familiar with the situation. Uncertainty related to the litigation would depress the price, however, and Mr. Shultz says Tomkins isn't actively shopping for a buyer.

In the meantime, meeting some gun-control demands is actually good business, Mr. Shultz says. Many homeowners want locks to make sure their children can't play with firearms, for example.

A more ambitious demand made by those suing the industry is development of a high-tech "smart gun" that can be fired only by authorized users. Smith & Wesson has been quietly working on such a product for years, although the company isn't prepared to go public yet with its version.

Separately, Smith & Wesson has been tightening supervision of its wholesalers and authorized dealers. The company, like its rival Sturm, Ruger, forbids sales of its new firearms at gun shows, which law-enforcement officials call a common source of criminal arms. When five dealers in Chicago were indicted last summer for allowing allegedly shady purchases, Smith & Wesson cut them off, Mr. Shultz points out.

Such steps are precisely what gun foes hope to get out of a settlement, although they say even Smith & Wesson hasn't gone far enough.

Mr. Shultz counters that some demands being made of the industry require government action. Gun opponents want manufacturers to weed out retailers to whom the federal Bureau of Alcohol, Tobacco and Firearms repeatedly traces guns used in crime. But Mr. Shultz maintains that the ATF or other police agencies should take the lead in identifying patterns of questionable sales.

"Right now, they don't give us the information," he says. If the government did so, he adds, "we are prepared to act."

Demands such as those for limiting consumers to one gun purchase a month or otherwise restricting bulk sales should be addressed by Congress, he says.

A flash point in any future talks will be a demand by New York Attorney General Eliot Spitzer—who has threatened to make his state the first to file its own suit—for an independent monitoring authority to oversee all gun companies. The industry maintains that this function already belongs to the ATF. But neither side will get all it wants, Mr. Shultz says: "That's just how these things go."

January 13 Meeting
3:00 – 5:00
OEOB (Room 476)

Confirmed Participants:

Richard Blumenthal, Connecticut

Eliot Spitzer, New York

Peter Pope

Beth Golden

James Hahn, Los Angeles

Louise Renee, San Francisco

Owen Clements

Javier Soto, Miami

Susan Langford, Atlanta

Mayor Scott King, Gary, Indiana

Stacy Barton, Staffer

Mayor Mark Anastasi, Bridgeport, CT 203-576-7201 (phone)

Dennis Henigan, Handgun

Dennis Hayes, NAACP

Bruce Reed

Eric Liu

Leanne/Deanne

Ray Martinez, IGA

Secretary Cuomo

Max Stier

Doug Kantor

Eric Holder

Bea Witzleben

Stu Eisenstat

Neal Wolin

DRAFT**Las Vegas Meeting Talking Points**

- The Clinton Administration, the cities and counties that have sued the gun industry, and the states that have threatened suit have committed themselves to working together to change the way the gun industry does business. As part of that effort, we were scheduled to conduct a negotiation session with the industry in Las Vegas at the end of this week. The industry selected Las Vegas as the site for the negotiation because this is where it is holding its annual "shot show."
- This negotiation session has been canceled because a few gun manufacturers fear that negotiating with the federal government may give the Clinton Administration a political victory.
- Other gun manufacturers, however, have taken a more responsible approach and have stated that they welcome negotiation. We will work with these manufacturers in order to institute common-sense changes in the way guns are designed, distributed and marketed.

Gun Industry Cancels Talks, Blocking Administration Role in a Settlement

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

LAS VEGAS—The gun industry has rebuffed for now the Clinton administration's attempt to galvanize a settlement of municipal lawsuits against the industry.

Firearms executives canceled a negotiating session scheduled for tomorrow that was supposed to include representatives from the administration and some of the cities that have filed suit.

Until yesterday, there was some talk of holding a smaller meeting involving only the industry and some municipal representatives, but that idea also was shelved.

Robert Delfay, head of the main industry trade group, the National Shooting Sports Foundation, said his constituents concluded they didn't want the White House "inserting itself" into the preliminary settlement discussions. The industry has been holding talks for several months with representatives of various cities and the states of New York and Connecticut, which have threatened to file their own antigun suits.

Mr. Delfay said negotiations had been "indefinitely postponed" but added that the industry was prepared to resume talks of some sort.

Gun-industry executives meeting here for their main annual trade show said a number of the major firearms manufacturers and wholesalers that have been sued concluded in recent days that they didn't want to risk handing the Clinton administration any sort of political gain from getting involved in settlement talks.

Further, some of these executives predicted that the industry would probably draw out any settlement negotiations, at least until November, to see whether the presidency goes to a Republican who would drop any efforts to pressure gun companies.

Since October 1998, 28 cities and counties have sued the gun industry, seeking to recoup the public costs of gun violence, such as emergency-medical and police services. The suits have evolved into an effort to force the industry to incorporate more safety features in their handguns and to supervise distribution and retail sales.

U.S. Drug Czar Decides Not to Review TV Scripts

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — White House drug czar Barry McCaffrey said his office no longer will review scripts for network television as part of its multimillion-dollar antidrug media campaign.

Reacting to criticism, Mr. McCaffrey, who heads the Office of National Drug Control Policy, said the change would "eliminate any misunderstanding" that the government was trying to exert undue influence in shaping antidrug messages that appear in TV shows.

The drug agency confirmed last week that it reviewed a number of TV scripts as part of a \$1 billion media outreach program. Under that program, networks that sell advertising time to the drug-control office are permitted to write antidrug messages into their prime-time shows in lieu of providing the drug-control office with free advertising time. The drug-control office came in for criticism last week for often reviewing scripts to see if antidrug messages were strong enough to warrant giving the networks an advertising credit.

Mr. McCaffrey said his office would continue to give the networks ad credit for including antidrug messages in their programs, but the agency would review scripts only after they have aired.

more aggressively. The industry is fighting these lawsuits.

President Clinton threatened in December to file a separate class-action suit against the industry on behalf of violence-ridden public-housing authorities. The president said, however, that rather than litigate, he would prefer to play a role in galvanizing a settlement of the suits.

The Clinton move helped bring into sharper relief the varying views within the pro-gun and antigun camps. Some state and local officials who had already been talking to the industry worried that the administration would look for a quick deal so the president could claim a political win in his final year in office.

On the other side, some gun executives initially said they thought the White House might be more conciliatory than the career antigun activists who have helped organize many of the suits.

A spokesman for New York Attorney General Eliot Spitzer, who had played a leading role in talks with the industry, said, "Our hope is that discussions will resume soon and they will be inclusive," meaning that they will include the administration.

An administration official echoed this desire, stressing the White House's willingness to meet with "responsible companies that want to resolve this situation through negotiation." There is "a viable and appropriate lawsuit to be brought on behalf of the housing authorities" if conciliation doesn't work, the administration official added.

UCAR INTERNATIONAL INC.

Mitsubishi, Ex-Ucar Official Are Indicted in U.S. Probe

A federal grand jury indicted Japan's Mitsubishi Corp. and a former executive at Ucar International Inc., Nashville, Tenn., as part of the government's investigation into alleged price-fixing in the graphite-electrodes market. In an indictment unsealed in U.S. District Court in Philadelphia, Justice Department officials alleged for the first time that Mitsubishi was involved in a four-year plot to firm up and hold prices for one of the key ingredients used by steel manufacturers to produce certain types of sheet metal and related products. The continuing investigation, which the government said has generated more than \$300 million in criminal fines, focused on the sale of electrodes used by mini-mill operators to heat their furnaces in order to shape metal. Mitsubishi said it is "very disappointed" with the Justice Department action and that it denies the charges against it.

WHOLE FOODS MARKETS INC.

U.S. Suit Claims Company Owes \$250,000 in Overtime

Whole Foods Markets Inc. was sued by the federal government, which said the natural-foods grocery chain owes more than \$250,000 in unpaid overtime to thousands of employees, the Associated Press reported. The U.S. Department of Labor Tuesday filed a lawsuit against the Austin, Texas, company, charging that since October 1996, the company has routinely failed to pay time-and-a-half to employees who work more than 40 hours in a week. More than 3,000 employees are owed from \$20 to more than \$200, according to the lawsuit, filed in federal court in Austin. A Whole Foods spokesman declined to comment. In its most recent fiscal year ended in September, the company had sales of \$1.6 billion and profit of \$42 million.

Gore Takes High Road Toward Bradley in Iowa

By BOB DAVIS

Staff Reporter of THE WALL STREET JOURNAL
LEBANON, N.H.—Two states, two strategies.

In Iowa, with the polls predicting a big win in the presidential caucuses Monday, Vice President Al Gore is starting to look beyond his battle with Bill Bradley and focus on his Republican opponents. Sometimes, the vice president is even magnanimous to his Democratic foe.

But in New Hampshire, where polls show the two Democrats running neck and neck in the Feb. 1 primary, Mr. Gore is jabbing away at the former New Jersey senator. The Gore campaign believes it must continue its combative approach to keep Mr. Bradley off stride and to energize Gore supporters.

Here in Lebanon, Vermont Gov. Howard Dean, a physician who praised the vice president's health-care plans, endorsed Mr. Gore. Mr. Gore pounded Mr. Bradley's proposal to replace Medicaid with subsidies to purchase private health insurance as an approach that "could well be a catastrophe." He also criticized Mr. Bradley for not releasing detailed positions on foreign policy, economic policy and education. "Are those distractions that interfere with the ability to focus on health care?" he asked.

Toning Down Criticism

The vice president was able to capitalize on his incumbency by having the White House include in its budget plans his ideas to expand a federal program to insure poor children so that parents are included, too.

The administration announced the proposal shortly before Mr. Gore was endorsed by Gov. Dean.

But in Iowa, Mr. Gore has toned down his criticism of Mr. Bradley, and sharpened his attacks on Republicans, including the once sacrosanct Sen. John McCain of Arizona. That foreshadows the type of campaign he will run should he defeat Mr. Bradley.

Just last week, Mr. Gore said Mr. Bradley's vote in favor of Ronald Reagan's budget cuts showed such bad judgment that as president Mr. Bradley might trip up the economy. But on Tuesday, in Burlington, Iowa, the kinder-and-gentler Mr. Gore said of Mr. Bradley: "He does not agree with the Reagan agenda. He has been pretty consistently on the other side of the Reagan philosophy."

Mr. Gore said he simply disagrees with Mr. Bradley over the effectiveness of the Reagan style of government.

Targeting Republican Foes

In Iowa, Mr. Gore now apes Mr. Bradley's rhetoric. The former senator regularly argues that the U.S. should use the strong economy to address social needs—"fixing the roof when the sun is shining," as he puts it. Mr. Gore used a similar down-home analogy to make the same point: "We need to start putting hay in the barn now."

He has also taken aim at his Republican rivals. During a talk at a Knoxville, Iowa, union hall, he said Republican front-runner George W. Bush would "raid working people's pensions to pay for a tax scheme

for those at the top."

Later, in Burlington, Iowa, he targeted Mr. McCain, who has largely been exempt from Democratic attack because of his stance on campaign finance and because of the hope he could derail Mr. Bush. The vice president said tax plans put forward by all the Republican candidates would consume the anticipated budget surplus. And he took special note of Mr. McCain's plan, which he said is "nearly as bad" as the others, although the McCain tax cuts are far smaller than Mr. Bush's.

Surrogates for Mr. Gore took a harsher anti-Republican line. Housing Secretary Andrew Cuomo questioned whether Texas Gov. Bush should be trusted with the nation's nuclear arsenal. A president "has his finger on the button," said Mr. Cuomo. "This man has to be smart, smart on the issues. The question [of competence] will have to be asked of Bush; it remains unanswered."

Mr. Gore's aides said the vice president isn't changing his strategy in Iowa, but merely showing signs of confidence. They don't want to be seen as anticipating victory in Iowa or New Hampshire for fear of raising expectations and helping Mr. Bradley claim victory if he finishes fairly closely behind Mr. Gore in Monday's caucuses. The Gore camp distributed a stack of papers arguing that Mr. Bradley had wanted to win in Iowa—and that anything less would be a big setback for the former New York Knick star. The paper was entitled "Bradley: Investing in Iowa."

CHILDREN'S EXPRESS
For Kids' News & Views

HOME

"I used to think that storks delivered babies."



Coverage of the
Back to Basics Bowl
XXIX

COLUMNISTS

INSIDE ALBANY: MCCAIN BLASTS GOP
BOSS OVER BALLOT

by FREDRIC U. DICKER



STATE GOP Chairman William Powers and Republican presidential hopeful John McCain had an angry, foul-mouthed go-round last week, as campaign tensions continue to grow.

Witnesses told The Post that Powers, the tough-talking ex-Marine sergeant, and McCain, the ex-Navy flyer and Vietnam war hero, unexpectedly ran into each other at a fund-raising dinner in New Hampshire, and the sparks began to fly.

"Quit f-**-ing with me and let me on the ballot in New York," said an angry McCain, referring to the state GOP's ongoing effort to challenge the Arizona senator's nominating petitions.

"What are you trying to do to me?" McCain loudly exclaimed to Powers, according to two witnesses.

Powers, not one to mince words, shot back, "I'm going to f-**- you, that's what! I'm going to do to you what you're doing to me."

Powers noted that McCain, and his leading New York backer, Staten Island Borough President Guy Molinari, have filed a federal lawsuit against him and the state GOP, seeking to toss out New York's election law.

The witnesses said McCain then tried to reduce the tensions by saying goodbye to Powers with a traditional Marine slogan, "Semper Paratus!"

But Powers quickly rejected the peace offering, responding -- in a way that only ex-Marines and naval officers might get -- with the pointed dig, "Anchors away," a naval expression meant to point out that McCain was never a Marine.

Meanwhile, New York GOP leaders were laughing it up over the weekend over the revelation that

PAST ISSUES

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McCain used petition technicalities to knock Arizona businessman and potential Republican primary opponent Bert Tollefson off his state's ballot in 1998.

"It is clear that Senator McCain believes one special set of rules applies to him and another set applies to everyone else," said Powers.

Molinari, who learned of McCain's actions from The Post, conceded, "I didn't know about it."

But he insisted that it was still unfair for McCain not to appear on the New York ballot, even if his nominating petitions don't meet the letter of state election law.

The off-and-on tensions between Gov. Pataki and Senate Majority Leader Joseph Bruno (R-Rensselaer) were on again last week after several incidents that were widely viewed as an insult to Bruno.

Republicans and Democrats were both surprised that Pataki didn't single Bruno out for any special praise during his State of the State Address in early January or during his budget presentation to lawmakers last Tuesday.

Also, at the budget presentation, Bruno's senior staff and some senators were placed in the second row of the hall being used for the event, while aides to Democratic Assembly Speaker Sheldon Silver were put in the first row.

"It may not seem like that much on the outside but on the inside everyone was talking about it," said one Senate insider.

Even one of Silver's top aides called it "surprising."

Pataki also raised eyebrows last week with what many saw as an oddly self-indulgent speech at a Bruno fund-raiser.

"All Pataki seemed to want to do is speak about himself, even though this was a fund-raiser for Bruno and the Senate Republicans," said one lobbyist who paid \$1,000 to attend the event.

Democratic Attorney General Eliot Spitzer reinforced his growing reputation for impatience and over-ambition during a recent White House meeting on the nation's gun laws.

One witness said Spitzer, who is known to be eyeing the governor's race in 2002, became so

uncomfortable just a few minutes into one presentation that he proclaimed to several attendees, "I'm tired of all this bull-~~l~~-~~l~~-~~l~~."

Some close to Spitzer say they expect the first-term attorney general to enter the Democratic gubernatorial primary if HUD Secretary Andrew Cuomo and state Comptroller Carl McCall eventually face off.

Fredric U. Dicker's radio show, "Live From the State Capitol," can be heard weekdays from 10:05 a.m. to 11 a.m., and Saturdays from 4:05 p.m. to 7 p.m., on the Web, at www.wrow.com.

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Smith & Wesson OKs Safety Locks

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By *Sonya Ross*
 Associated Press Writer
 Friday, March 17, 2000; 6:39 p.m. EST

WASHINGTON — In a deal heralded as a way to save children's lives, gunmaking giant Smith & Wesson agreed Friday to install locks on its weapons to make them more childproof. In exchange, governments would drop lawsuits seeking damages for gun violence.

The agreement, reached after two months of negotiations involving the company, state and local officials and the Clinton administration, establishes an unprecedented "code of conduct" for selling and distributing handguns. President Clinton expressed hope that other gun companies will follow Smith & Wesson's lead.

"A decision to enter this agreement, we realized, would not be popular with everyone," Smith & Wesson President Ed Shultz said in a conference call broadcast at a news conference where the deal was announced. "But we believe ... it is the right thing to do."

In a letter posted on its Internet site, Smith & Wesson said that since 1997 it has provided a lock with every weapon shipped and that the weapons are shipped in lockable boxes. The company did not address whether the locks were put onto the guns before shipping.

Clinton declared the agreement an act of "courage and vision" by Smith & Wesson. In a conference call with local officials, he hinted that governments on all levels ought to remember the gun manufacturer when it is time to purchase supplies.

"Smith & Wesson stuck their neck out here," Clinton said. "I think all of us, including the federal government, in our procurement policies — if we are really serious about making America safer — ought to send a clear signal that we appreciate what they did. This is a happy day."

The gun industry greeted the deal with uncertainty, although some companies said they already take safety measures like those to which Smith & Wesson agreed.

"We have supplied trigger locks with all our firearms for almost two years," said Wesley Lang, vice president of marketing at SigArms in Exeter, N.H. The company also plans to soon market a gun with an internal, electronic locking system, Lang said.

Beretta USA, the Maryland-based U.S. division of the Italian gunmaker, didn't have enough details about the agreement to comment on it. "Smith & Wesson didn't advise anybody in the

industry, that we know of, about what they were doing, at least not any of the particulars," said spokesman Jeff Reh.

The National Rifle Association declined to comment.

But the National Shooting Sports Foundation, a firearms industry organization, condemned Smith & Wesson, saying it had "violated a trust with their consumers and with the entire domestic firearms industry" by entering the agreement.

"This is an ill-conceived action on the part of one of the most revered names in the American firearms industry," said Robert Delfay, the foundation's president and chief executive.

John Michael Snyder, of the Citizens Committee for the Right to Keep and Bear Arms, said Smith & Wesson's decision wouldn't infringe on citizens' rights. At the same time, he said, it would not, by itself, prevent deaths like that of 6-year-old Kayla Rolland, shot by a first-grade classmate in Michigan, who found the weapon in the home where he was staying.

"I think politicians have jumped on this issue in an attempt to make political points for themselves," Snyder said. "I don't think it deals with the problem, which is sociological."

Smith & Wesson agreed to include safety locks with all of its handguns and pistols – external locks to be on the weapons in 60 days and internal locks to be installed within two years. New firearms would not be allowed to accept magazines that hold more than 10 rounds of ammunition.

Also, Smith & Wesson will devote 2 percent of firearms revenues every year to developing "smart" technology that limits a gun's use to its rightful owner. The gunmaker, in addition, will not advertise or market its products in a way that appeals to juveniles or criminals, such as ads claiming guns are fingerprint-proof.

For their part, federal, state and local governments agreed to dismiss pending suits against Smith & Wesson and refrain from filing new suits. The Clinton administration had been threatening to bring a national lawsuit against the industry if manufacturers failed to enter negotiations aimed at increasing gun safety.

City officials were jubilant.

"It was an excellent concept, a great first step," said New Orleans Mayor Marc Morial, whose city filed the first lawsuit in October 1998. "I know that it will save the lives of many children in this nation."

Friday's deal affects only Smith & Wesson, biggest of the eight major gun manufacturers. Also signing the agreement were the states of New York and Connecticut; Dade County, Fla.; and the cities of Atlanta; Berkeley, Calif.; Bridgeport, Conn.; Camden, N.J.; Detroit; Gary, Ind.; Inglewood, Calif.; Los Angeles; San Francisco; and St. Louis.

Administration officials said other localities would sign as well. In the meantime, the Clinton administration would continue with its plans for other lawsuits against other gunmakers, said Andrew Cuomo, secretary of the Department of Housing and Urban Development.

The agreement provides for new safety and design standards, including:

-A second "hidden" serial number inside the gun to counter criminals who obliterate visible serial numbers.

-A handgun design that would make it difficult for a child younger than 6 to fire the weapon.

Under the code of conduct, Smith & Wesson would sell its products only to authorized dealers and distributors who would be allowed to sell those firearms at gun shows only if all sellers perform background checks on buyers. A dealer or distributor would have its contract with the manufacturer terminated if "a disproportionate number" of crimes were traced to the weapons it sells.

On the Net:

White House: www.whitehouse.gov

Department of Housing and Urban Development:
www.hud.gov/news.html

National Shooting Sports Foundation: www.nssf.org

Smith & Wesson: www.smith-wesson.com

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THE WHITE HOUSE
WASHINGTON

DOMESTIC POLICY COUNCIL

FACSIMILE FOR: Bruce Reed and Eric Liu

DATE: 3-16-00

FAX: 6X2878

FACSIMILE FROM: Deanne Benos
Associate Director
For Domestic Policy

TELEPHONE: (202) 456-5568

FAX: (202) 456-7028

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Proposed Code of Conduct

The undersigned manufacturers of handguns ("manufacturers") commit herein to adhere to this Code of Conduct (the "Code") for the design and distribution of handguns, internal corporate compliance, and external verification and enforcement.

The goal of this Code is to reduce accidental and intentional misuse of handguns, decrease crime, violence, accidents, and deaths. It sets: (1) minimum mandatory requirements for safety features in new handguns; (2) policies for discontinuing handgun models and features that prove disproportionately attractive to criminals; and (3) rules for terminating irresponsible retailers who sell too many handguns later used in crime.

I. Design

A. *Attractiveness of certain guns and/or features to criminals.*

Manufacturers shall design handguns so as to minimize their attractiveness to criminals and their use in crime. Manufacturers shall not design guns to make them appealing to criminals, and shall not promote firearm features attractive to juveniles or criminals.

Manufacturers shall:

1. Discontinue gun models or gun features that are or become disproportionately attractive to criminals or used disproportionately in crime.
2. Include a second hidden serial number on all handguns.

Manufacturers shall not:

3. Manufacture or distribute guns that if manufactured elsewhere would be illegal to import into the United States. This includes "Saturday Night Specials" and all guns banned for import under 18 U.S.C. § 925 and the regulations promulgated thereunder.
4. Produce weapons with features that (either individually or when combined) unreasonably facilitate criminal uses, even if a substantial lawful demand for such features exists. Features unduly attractive to criminals, include, but are not limited to:

Office of the Attorney General

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State of New York

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- a. Fingerprint resistant guns.
- b. Guns easily convertible to illegal firearms.
- c. Guns with easily obliterated serial numbers.
- d. Pistols that accept magazines with a greater than 10-round capacity or that can be easily modified to do so.

B. Safety.

Manufacturers shall design firearms to be as safe as reasonably possible for their law-abiding owners and innocent third parties, including children. Manufacturers shall employ new safety-enhancing features as they become technologically and functionally feasible.

Manufacturers shall:

- 1. Include an effective external locking device on every gun sold.
- 2. Include on every gun sold an internal locking device by which the gun can be operated only with a mechanism unique to that gun, including but not limited to a key or combination.
- 3. Include a magazine safety disconnect on every pistol.
- 4. Include, on every pistol, a device that effectively alerts users that a round is in the chamber.
- 5. Include directions with the sale of every firearm that describe safe and proper storage methods of firearms and warnings explaining the dangers of firearms within the home.
- 6. Agree, at manufacturers' cost, to retrofit existing guns with improved safety devices as they become available and feasible.
- 7. Spend at least one percent of gross handgun sales each year to develop or produce "authorized user" or "personalized handgun" technology, otherwise known as "smart gun" technology.

Manufacturers shall not:

- 8. Design, manufacture, or sell firearms that can be readily operated by a child aged six or younger.
- 9. Design, manufacture, or sell firearms that fail to meet standards promulgated by the New York State Police and currently set forth in 9 NYCRR §§ 482.5-482.6.

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C. Law enforcement exemption.

Handguns sold to law enforcement or the military shall be exempt from all design standards set forth elsewhere in this Code. For all handguns sold to law enforcement or the military that would not comport with the Code if sold to the general public, manufacturers shall include a written advisory from the Oversight Panel (as defined in VI(A), below) containing, in sum and substance, the following warnings:

1. That the firearm being sold to law enforcement or the military does not comport with the requirements of this Code of Conduct for sale to civilians, and stating the provision or provisions of this Code of Conduct that would be violated by such a civilian sale.
2. That, pursuant to this Code of Conduct, the Oversight Panel requests that the purchasing agency ultimately dispose of the weapon in a manner that prevents its later migration into the civilian population.

II. Sales and Distribution

Manufacturers shall adopt measures to reasonably prevent their products' diversion from the legal stream of commerce, intentionally or otherwise, for later sale or transfer to those not legally entitled to purchase or possess guns.

A. Internal Compliance Officer.

Manufacturers will designate an executive-level manager as a Compliance Officer. Each manufacturer shall provide its Compliance Officer with sufficient staff and other resources to discharge the officer's responsibilities, including but not limited to:

1. Ensuring the manufacturer's compliance with local, state, and federal law and with the terms of this Code.
2. Reporting both to the manufacturer's CEO and its Board of Directors.
3. Being the liaison between the manufacturer and the monitor (see III, below) and federal, state and local law enforcement agencies and regulators.

B. Authorized Wholesalers and Retailers.

Manufacturers' products will be sold only by authorized dealers. No manufacturer shall certify a wholesaler or retailer as an authorized dealer without first establishing, at a minimum, that the wholesaler or retailer:

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1. Possesses all licenses required by federal, state, and local law.
2. Complies with local, state, and federal laws and regulations, and with this Code, and files an annual certification verifying such compliance with the manufacturer.
3. Has sufficient internal compliance procedures to ensure adherence to governing laws and this Code, including annual training and written testing of employees as provided in section II(C), below, before they are permitted to sell or handle firearms.
4. Has a program to eliminate sales to straw purchasers and to otherwise thwart illegal gun trafficking. Such a program must include, at a minimum, employee training and a policy prohibiting a retailer from selling to an individual more than one handgun in a 30-day period, or another equally effective plan to retard gun trafficking.
5. Carries liability insurance coverage of no less than \$1 million for each incident of damage, injury, or death.
6. Securely displays, stores, and ships firearms.
7. Excludes from its premises persons under 18 years of age not accompanied by a parent or guardian.
8. Sells guns only at the location listed on its FFL license, and does not sell guns at gun shows.
9. Agrees in writing to all applicable provisions of this Code, including, without limitation, provisions regarding audits, training, revocation of status as an authorized dealer, and jurisdiction.

C. Training for wholesalers and retailers.

Manufacturers shall annually train all authorized dealers on how to recognize attempts to illegally purchase firearms, how to recognize that firearms may be being diverted (intentionally or otherwise) for later sale or transfer to those not legally entitled to purchase, and how to respond to those attempts. Training shall also address how to teach ultimate consumers rules of firearm safety including safe storage of firearms. Personnel at authorized dealers shall not sell or handle firearms without receiving the training and passing a written test, which must be approved by the monitor described in section III, below.

D. Ongoing evaluation of authorized dealers.

Manufacturers shall continually evaluate their authorized dealers to ensure dealer compliance with the Code.

1. Manufacturers shall require authorized dealers to maintain sales

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information, including the serial numbers of handguns sold, dates of sale, and identity of purchasers. Manufacturers will require authorized dealers to make this information available for review by the manufacturer, its designee, and/or the monitor (as defined in III below).

2. Manufacturers shall require authorized dealers to maintain records of traces initiated by the Bureau of Alcohol, Tobacco, and Firearms ("ATF"), and to report those traces, by serial number, date of trace, date of sale, and identity of purchaser, to the manufacturer, its designee, and/or the monitor (as defined in III below).

3. Manufacturers must determine, on an ongoing basis, which authorized dealers have sold disproportionate numbers of guns later used in crime. Manufacturers will require authorized wholesalers to determine, on an ongoing basis, which authorized retailers have sold disproportionate numbers of guns later used in crime. These ongoing analyses will, at all times, be fully available to the monitor (as defined in III below).

E. Enforcement.

Manufacturers, in consultation with the monitor (as defined in III, below), shall refrain, suspend or, as necessary, discontinue authorized dealers that violate this Code, sell disproportionate numbers of handguns that are later used in crime, or otherwise act irresponsibly. Manufacturers shall contractually provide for these remedies. Manufacturers and authorized wholesalers will, at a minimum, rely on traces initiated by ATF to calculate the numbers of guns later used in crime.

III. External verification

The manufacturers shall retain an independent external monitor ("the monitor"), under the terms and conditions set forth below:

A. **Duties of the monitor.** The monitor shall audit and otherwise test or investigate compliance with the Code and the standards and practices established pursuant to it. The manufacturers shall make all best efforts to assist the monitor in performing its duties, and shall contractually require all authorized dealers to assist the monitor.

B. **Powers of the monitor.** The monitor shall have full access to the books and records of the manufacturers and authorized dealers that, in the sole judgment of the monitor, are necessary to perform the requisite tests and audits. The monitor shall have the right to conduct interviews and to perform or commission necessary tests or other examinations, including undercover tests. The monitor shall have the power to require the manufacturers to suspend or terminate authorized dealers. The monitor shall have the power to determine whether or not a manufacturer is in compliance with the Code.

C. **Reporting.** The monitor may report directly to manufacturers' Boards of

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Directors. The monitor may consult with or provide information obtained from any source to any law enforcement body or regulator that it deems appropriate, without prior notice or disclosure of the communication to the manufacturers. The monitor shall promptly report to the Oversight Panel any violations of the Code.

D. Public reports. From time to time, but at least annually, the monitor shall issue a public report evaluating the compliance with the Code. Before publicly issuing any such report, the monitor shall provide each manufacturer with copies those portions of the report that pertain to that manufacturer. The manufacturer will have 15 (fifteen) calendar days to object to the public release of trade secrets or other information contained within the report. If the manufacturer and the monitor are unable to agree on the extent of material to be made public, the dispute shall be submitted to the Oversight Panel (as defined in VI(A), below), who shall make the final determination in the sound exercise of its discretion.

E. Term. The term of the monitor shall be 10 (ten) years. A manufacturer may apply to the Oversight Panel for relief from some or all oversight by the monitor. Each manufacturer may make such application once during the first five years of the term, and once during the second five years of the term. The Oversight Panel's decision as to such relief is unreviewable.

F. Funding. The cost of the monitor shall be borne jointly by the manufacturers, governmental entities, and such other sources of funding as might be identified. All such monies shall be paid into a fund, and the monitor shall be paid periodically from that fund upon invoice review and approval by the Oversight Panel.

G. Retention of monitor. The manufacturers shall each retain the monitor designated by the Oversight Panel under terms and conditions approved by the Oversight Panel. The Oversight Panel shall designate the monitor before the manufacturers subscribe to this Code of Conduct.

H. Removal of monitor. The monitor may be discharged during its term only by the Oversight Panel for good cause shown. Manufacturers may contest or object to any such removal only on the grounds that good cause has not been shown.

I. Filling the unexpired term of the monitor. In the event the monitorship becomes vacant during the term set forth in III(E), the position shall be filled as follows:

1. In first 30 days of the vacancy, the Oversight Panel and a majority of the undersigned manufacturers may agree on a new monitor. Upon such agreement, the new monitor will be retained as set forth in III(G) above.

2. If the 30 days pass without such agreement, the Oversight Panel will nominate a candidate, and the manufacturers (either together or separately) will nominate a candidate or candidates. On the 31st day after the vacancy all such nominations shall be forwarded to the Court supervising this agreement, which shall designate the new monitor from

MAR-16-00 THU 06:10 PM REP C MCCARTHY
PRESS OFFICE/ALB Fax:5184869798

FAX NO. 915164897283
Mar 16 '00 5:07 P.08

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among those nominated. Upon such designation, the manufacturers shall retain the new monitor within 10 (ten) days under the terms set forth in III(G) above.

IV. Cooperation with law enforcement

The manufacturers reaffirm their commitment to cooperating fully with law enforcement and regulators to eliminate illegal firearms sale and possession.

A. Disclosure of documents upon request. Manufacturers shall assist and cooperate with law enforcement by providing law enforcement and regulators, upon request, full access to the marketing, market research, development and production data and documents, and other documents that law enforcement or regulators request.

B. Retention of bullets and casings. Manufacturers shall fire each weapon before it is sold and shall retain at least three fired casings and three fired bullets, identifying each casing/bullet pair with the weapon's serial number. Each manufacturer will begin retaining the casings within six months of the effective date of this agreement. Each manufacturer will begin retaining the bullets within 18 months of the effective date of this agreement. The Manufacturers will, on a regular and ongoing basis and without charge, provide the casings and bullets with the corresponding serial numbers to such law enforcement agency or agencies designated by the Oversight Panel (as defined in VI(A) below).

V. Enforcement

This agreement shall be entered as an order in a court of appropriate jurisdiction and shall be enforceable and enforced as such.

VI. Miscellaneous Matters

A. The "Oversight Panel" shall be constituted of representatives of local, state, and federal signatories to this agreement.

B. Except as otherwise stated, the terms "manufacturer" or "manufacturers" as used in this Agreement, shall include all affiliated firms.

C. This Agreement shall be binding upon the successors and assigns of a manufacturer and upon any company or concern with which it may merge or enter into a joint venture or by which it may be acquired.

D. This Agreement constitutes the full agreement between the parties, and its terms may not be changed orally. Each provision of this Agreement is a material provision.

Office of the Attorney General

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State of New York

MAR-16-00 THU 06:10 PM REP C MCCARTHY
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E. Each of the undersigned signatories covenants and represents that it is authorized to enter into this Agreement with full force and effect on behalf of the party represented.

F. Telefaxes or other written notification or reports required by or prepared pursuant to this Agreement shall be made, mailed, or delivered as set forth below:

- 1) To the Oversight Panel:
- 2) To Manufacturers:

G. All duties and responsibilities of the Manufacturers shall be required within six months of execution of the Code unless another time is otherwise specified.

H. In the event that any equitable, injunctive or other conduct-related relief granted to any state or municipal government exceeds the terms in the Code, the Oversight Panel shall, upon application to the Court, be entitled to such further relief.

Office of the Attorney General

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State of New York

TOTAL P.18

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. draft agreement	[Gun Industry] Settlement Document (22 pages)	03/13/00	P5

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

COLLECTION:

Clinton Presidential records
Domestic Policy Council
Bruce Reed (Crime)
OA/Box Number: 21553

FOLDER TITLE:

Guns-Smith and Weeson [3]

rs25

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]

**AGREEMENT BETWEEN SMITH & WESSON AND
THE DEPARTMENTS OF THE TREASURY AND HOUSING AND URBAN DEVELOPMENT,
LOCAL GOVERNMENTS AND STATES**

SUMMARY OF TERMS

Preamble: The city, state, county and federal parties agree to dismiss the parties from the pending suits and refrain from filing suits against the manufacturer parties based on an equivalent cause of action.

SAFETY AND DESIGN

All handguns must meet the following safety and design standards:

- **Second "hidden" serial number**, to prevent criminals from obliterating serial numbers.
- **External locking device** sold with all guns within 60 days.
- **Internal locking device** on all guns within 24 months.
- **Smart Guns -- Authorized User Technology.**
 - Manufacturers commit 2% of annual firearms revenues to the development of authorized user technology.
 - Within 36 months, authorized user technology will be included in all new firearm models, with the exception of curios and collectors' firearms.
 - If top eight manufacturers agree, authorized user technology will be included in all new firearms.
- **Child Safety.** Within 12 months, handguns will be designed so they cannot be readily operated by a child under 6.
- **Performance test.** All firearms will be subject to a performance test to ensure safety and quality.
- **Drop test.** All firearms will be subject to a test to ensure they do not fire when dropped.

All pistols must meet the following additional requirements:

- **Safety device.** Positive manually operated safety device.
- **Magazine disconnectors** must be available on all pistols to customers who desire the feature, within 12 months.
- **Chamber load indicators** on all pistols, showing whether the pistol is loaded, within 12 months.
- **Large capacity magazines.** New firearm designs will not be able to accept large-capacity magazines that were manufactured prior to September 1994. (Manufacture of such magazines has been prohibited since that date.)

Law enforcement and military exception. If law enforcement agencies or the military certify the need, exceptions to these requirements may be made. Manufacturers will ask that these guns not be resold to the civilian market.

Warnings about safe storage and handling included with all firearms within six months.

Illegal firearms. Manufacturers will not sell firearms that can readily be converted into fully automatic weapons or that are resistant to fingerprints.

SALES AND DISTRIBUTION

Code of Conduct. The manufacturers will sell only to authorized dealers and distributors and allow their authorized distributors to sell only to authorized dealers. Authorized dealers and distributors will agree to a code of conduct. If manufacturers receive notice of a violation by an authorized dealer or distributor, they will take action against the dealer or distributor, including termination of sales to the dealer or distributor. The Oversight Commission will review such actions and have authority to require termination or suspension if warranted.

The code of conduct will require authorized dealers and distributors to:

- **Gun shows:** make no gun show sales unless all sales at the gun show are completed only after a background check.
- **Brady checks:** wait as long as necessary for a completed Brady check showing that the purchaser is not a felon or otherwise prohibited before selling a gun to the purchaser.
- **Safety training for purchasers:** transfer firearms only to individuals who have passed certified safety course or exam and demonstrate to purchasers how to use all safety devices and how to load, unload, and safely store the firearm before completing the sale.
- **Multiple handgun sales:** all purchasers of multiple handguns to take only one handgun from the store on the day of sale, at which point a multiple sales report will be filed with ATF. The remainder of the guns can only be collected after 14 days.
- **Employee training:** require all employees to attend ATF-approved training and to pass a exam on firearms laws, straw purchasers, illegal trafficking indicators, and gun safety.
- **Insurance:** carry liability insurance where available, with a minimum coverage of \$1 million for each incident.
- **Inventory control:** maintain an electronic inventory tracking plan within 24 months
- **Security:** implement a security plan for securing firearms.
- **Child access:** require persons under 18 to be accompanied by adults in gun stores or gun sections of stores.
- **Weapons attractive to criminals:** not sell large capacity magazines or semiautomatic assault weapons.
- **Compliance:** provide law enforcement, government regulators, and the Oversight Commission established in this Agreement with access to documents necessary to determine compliance; cooperate fully in the Agreement's Oversight mechanism.
- **Crime gun traces:** maintain an electronic record of all ATF trace requests and report trace requests to manufacturers.
- **Indicted dealers:** forgo firearms sales to licensed dealers known to be under indictment.
- **Straw purchasers:** not to make sales to straw purchasers.

Manufacturer commitments. Manufacturers will:

- Provide quarterly sales data to ATF.
- Not market guns in any manner designed to appeal to juveniles or criminals.
- Refrain from selling any modified/sporterized semi-automatic pistol of type that cannot be imported into U.S.
- Reaffirm policy of not placing advertisements in vicinity of schools, high crime zones, and public housing.
- Implement a security plan for securing firearms.
- Designate an officer to ensure compliance with the Agreement.

Corporate responsibility for crime gun traces. If an authorized dealer or distributor has a disproportionate number of crime guns traced to it within three years of sale, the manufacturers will take action, including possible termination or suspension, against the dealer or distributor. The Oversight Commission will review such actions and have authority to require termination or suspension if warranted.

Oversight Commission will be established and empowered to oversee implementation of the Agreement. The Commission will have five members selected as follows: one by manufacturers; two by city and county parties; one by state parties; one by ATF. The Commission's powers will include the authority to review compliance with the design and safety requirements, review the safety and training program for dealer and distributor employees, review manufacturer actions against dealers or distributors that violate the Agreement or have a disproportionate number of crime gun traces, and require suspension or termination if warranted.

Role of ATF. To the extent consistent with law, ATF will work with manufacturers and the Oversight Commission to assist them in meeting obligations under the Agreement. ATF will notify the Oversight Commission of certain violations of the Agreement by distributors and dealers if it uncovers such violations.

Ballistics Imaging. Within six months, if technologically available, manufacturers will fire all firearms before sale and will enter the digital image of the casings in a system compatible with the National Integrated Ballistics Identification Network and accessible to ATF. This will enable law enforcement to trace crime guns when only the bullets or casings are recovered.

Access 2000. Manufacturers shall participate in ATF's Access 2000 program, which establishes electronic links with ATF and enables high-speed tracing of crime guns.

Legislation. The parties will work together to support legislative efforts to reduce firearm misuse and the development of authorized user technology.

Education trust fund. Upon resolution of all current city, state, and county lawsuits, manufacturers will dedicate 1% of overall firearms revenues to an education trust fund

Most favored entity. If other manufacturers enter agreements with more expansive design and distribution reforms, and those manufacturers, along with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, the manufacturer parties to this Agreement will agree to abide by the same reforms.

Enforcement. The Agreement will be entered into and enforceable as a court order and as a contract.

From: Julia M. Payne on 03/16/2000 05:25:25 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Re: FOX News Sunday 

Bruce,

FOX is delighted to have you on Sunday. You will be their only guest on guns for an 8 minute segment.

Cathy,

Andrea DiVito, 824-6494, is the FOX contact for the logistics.

Thanks!

Message Sent To:

Bruce N. Reed/OPD/EOP@EOP
Cathy R. Mays/OPD/EOP@EOP
Joseph P. Lockhart/WHO/EOP@EOP
Jennifer M. Palmieri/WHO/EOP@EOP
Richard L. Siewert/WHO/EOP@EOP
James E. Kennedy/WHO/EOP@EOP
Thomas L. Freedman/OPD/EOP@EOP
Joel Johnson/WHO/EOP@EOP



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
120 BROADWAY
NEW YORK, NY 10271

ELIOT SPITZER
Attorney General

(212) 416-8050

March 20, 2000

VIA TELEFAX

Hon. Andrew Cuomo
Secretary
Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

Dear Secretary Cuomo:

I understand that you are considering whether to cancel the meeting with the state and local governments that is currently scheduled for Wednesday. I believe that it is extremely important that this meeting take place, because we are at a crucial stage of our long-standing effort to reform the gun industry, and we should meet as soon as possible to agree upon a joint plan of action.

Last week's agreement with Smith & Wesson was a landmark achievement. The settlement was the culmination of a long and difficult process of litigation and negotiation that involved local, state and federal officials, and it shows that significant changes can be achieved when all levels of governments work together in a cooperative manner. It is essential that we take advantage of the momentum created by this historic agreement, by focusing our attention on encouraging other gun manufacturers to sign the code of conduct.

One way to achieve this goal is through direct contacts with the industry. Today's Wall Street Journal reports that several manufacturers will be reaching out to the White House to discuss the possibility of joining the settlement, and I encourage you and Bruce Reed to pursue these contacts aggressively. In addition, I believe that at our meeting on Wednesday we should form a negotiating team that includes representatives from federal, state and local governments to pursue this effort.

Another way to place pressure on the industry is through the procurement process. During my discussions with the White House last fall, I noted that governments have significant market power because they purchase a large number of firearms each year, and I suggested the formation

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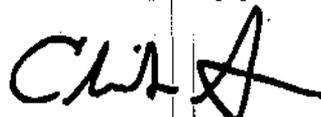
of a coalition of government entities that would agree to purchase guns only from manufacturers who have agreed to reform their design, marketing and distribution practices. My initiative was formally announced last week, and numerous municipalities have already joined this effort. In addition, President Clinton was very supportive of the idea when I discussed it with him on Friday.

I think it is critical that we move as quickly as possible to expand this coalition, because it will send a strong message to the rest of the industry that they must act responsibly, and at our meeting on Wednesday we should develop an action plan that involves all of the participants in this effort. For example, there is a meeting of the National Association of Attorneys General this week, and Attorney General Blumenthal and I intend to get other Attorneys General to join the coalition. Similarly, I am sure that all the local government representatives at Wednesday's meeting would be very helpful in organizing other government officials in their states. I believe that this coalition is the key to achieving significant reforms in the industry, because our market power will place substantial pressure on Glock, Taurus, Berretta and others to agree to sign the code of conduct.

As I noted above, we have reached a crucial stage in the fight against the firearm manufacturers. The combined knowledge, expertise and market power of the federal, state and local governments is an incredibly potent force, and thus it is essential that we meet together without delay and develop a cooperative plan for using these joint powers to bring real reform to the entire industry. As a result, I strongly urge that the meeting go forward on Wednesday, and I would like to speak with you personally before any decision to cancel the meeting is made.

Thank you for your consideration, and I look forward to hearing from you.

Very truly yours,



ELIOT SPITZER
Attorney General
State of New York

cc: Bruce Lindsey
Bruce Reed
Lawrence Summers
Stuart Eizenstat
Neal Wolin
Gun Litigation Negotiating Team



STATE OF NEW YORK
OFFICE OF THE ATTORNEY GENERAL
ELIOT SPITZER

FACSIMILE TRANSMISSION

March 20, 2000

TO: Bruce Reed -- (202) 456-5542

FROM: Eliot Spitzer

PAGES (including cover sheet): 3

REMARKS:

IF THERE IS A PROBLEM WITH THIS TRANSMISSION, PLEASE CONTACT

NAME David M. Nocenti OFFICE Attorney General's Office
TELEPHONE NUMBER (212) 416-8095 FAX NUMBER (212) 416-8139

CONFIDENTIAL

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IF YOU HAVE RECEIVED THIS COMMUNICATION IN ERROR,
PLEASE IMMEDIATELY NOTIFY THE SENDER BY TELEPHONE. THANK YOU.

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.

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Settlement Document

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

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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

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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.

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- 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.

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- 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;

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- (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) 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.

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- 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

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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

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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

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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

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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.

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- 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

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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.

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- 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

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State parties to this Agreement:

State of New York

State of Connecticut

City and County parties to this Agreement:

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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.

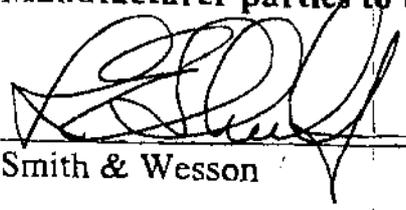
VIII. Enforcement.

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:

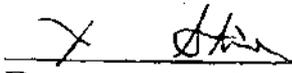
Manufacturer parties to this Agreement:



Smith & Wesson

Governmental parties to this Agreement:

Department of the Treasury



Department of Housing and Urban Development

Office of the General Counsel
451 7th Street SW
Washington, DC 20410
(t) 202-708-1781
(f) 202-401-8855

**MAX STIER
DEPUTY GENERAL
COUNSEL FOR
LITIGATION**

Fax

To: BRUCE REED

From: Max Stier

Fax:

Pages: 4

Phone:

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Re:

CC:

Urgent

For Review

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rs25

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.
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 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]

Who Says Guns Aren't Playthings?

If there was any doubt about it, it's now certain that President Clinton and the National Rifle Association won't be invited to each other's birthday parties. Wayne LaPierre, the NRA's front man, accused the president of favoring a "certain level of killing" so the Democrats can make hay of gun politics (nyah, nyah).

As in the substance of Mr. LaPierre's charges, the lack of Brady Law prosecutions reflects the reality that local prosecutors exercise their discretion not to throw the book at law-abiding citizens. The ma-

Business World

By Holman W. Jenkins Jr.

majority of people tripped up by background checks are undeserving of jail simply for failing to answer a question properly.

But Mr. LaPierre has a broader point that applies even to himself: Washington's sudden devotion to arguing about guns is more relevant to raising money and votes than to doing anything about violence.

With crime falling to 1950s levels, the symbolism of the gun nonetheless remains a wonderful way to exploit the fact that large numbers of Americans despise each other on cultural grounds. Gun owners are stereotypical yahoos to a lot of Democrats, and gun owners know it.

Meanwhile, the gun control folks are the left's anti-abortionists. Their ultimate goal of confiscation is a pipedream and would embroil the government in a completely unappetizing confrontation with its citizenry. Lesser steps—an assault weapon ban here, a waiting period there—stir up far more political passion than they're worth.

At the final, tight-headed summit of irrelevance are restrictions on upstream

manufacturers like those agreed to this week by Glock and Smith & Wesson.

Using threats of litigation to extort concessions is an offense against due process and a nasty way for politicians to behave. That said, the S&W concessions should dismay the true controllers more than anyone else. Rigmarole imposed on gun dealers won't keep guns out of the hands of dedicated criminals, but the smart-gun technology that S&W is pledged to develop threatens to overcome the single biggest source of resistance to guns in the home: Women.

The gun industry has reasoned for years that single moms, women living alone and women who work late should represent a market for self-defense guns. But as gun store owners will testify, their window shoppers are men whose wives and girlfriends won't let a gun in the house, sensibly fearing it would get into the hands of a child or intruder (though, statistically, more small children drown in mop buckets than die from gun accidents). Technology would fundamentally change this consideration by preventing a gun from being fired by an unauthorized user.

This will reinforce two trends that have transformed gun regulation over the past decade, though you wouldn't guess it from the vaporous fireworks in Washington.

Everything we know tells us that violence is committed by a relatively small number of people who see it as an all-purpose solution. In Florida, Texas, Virginia and 28 other states, legislatures have allowed ordinary citizens to qualify to carry a concealed weapon. While the size of the effect is disputed, the evidence strongly suggests that "confrontational" crimes have dropped as a direct result.

In a world of Columbine, Jonesboro and recurrent workplace massacres, this finding may rub uneasily with anecdotal experience. The media aren't adept at making

sensations of crimes that don't happen or encounters with criminals that don't end up in fatal shootings. Yet most of the ways in which the nation's private gun supply interacts with the crime rate take this unheralded form.

Who buys laser accessories for handguns? These are said to have a powerful effect in motivating an intruder or potential assailant to turn tail. What exactly is the market for assault-weapon lookalikes? We are just beginning to take note, al-

Disarming criminals is a better use of political capital than trying to disarm a large bloc of avid gun-owning voters.

though perhaps \$1 billion a year is spent on "self-defense," and it's the only part of the gun market not shrinking.

A few things the data don't quibble about: The issuance of more than a million permits has not led to any significant incidence of gun crimes by permit holders. Accidental gun deaths are at their lowest level since 1913. Crime is down. And gun sales have been on a downward drift for three decades.

Now consider a second landmark trend, the aggressive use of gun laws to disarm criminals.

Under Mayor Rudy Giuliani, New York police have been using their expanded stop-and-frisk authority to target people who gave off signs of being likely members of the criminal sub-population. Whether they found a gun or made an arrest hardly was a crucial matter (though their success in a city of seven million people was not statistically negligible.) Word got around to professional predators

that it was no longer safe to carry a weapon.

Even the NRA has endorsed gun control as a form of criminal control, constantly citing Richmond's crackdown on illegal guns in crime-filled neighborhoods. The last mile is taking pre-emptive measures against the psycho-shooters who are a puzzling manifestation in an unviolent age. As Colorado police psychologist John Nicoletti has suggested, we might begin by dispensing with the notion that some people "just snap." Psychopaths exhibit disturbed patterns of thinking and behavior long before the shooting begins. More killings might be aborted if people simply recognized these patterns.

Somewhere amidst this swirl lies an emerging consensus that disarming criminals is a better use of political capital than trying to disarm a large bloc of avid gun-owning voters.

With people like Bill Clinton, Al Gore and Andrew Cuomo, it is hard to know, and foolish to ask, what they really believe about guns and crime. Their business is winning elections, shaking down contributors and kicking back amid their fawning retinue in Martha's Vineyard. Republicans, especially the supposedly fire-breathing right wingers who are always asking what Jesus would have them do, get rolled every time.

Let us say this for Mayor Giuliani on the eve of his Senate run against Hillary Clinton. Whatever hypocrisies he committed in the rest of his career, he actually did something brave in taking on crime in New York. This was a novel and risky approach to political advancement, and one that seems in little danger of catching on right now. But beyond the next election, when the blitherers have gone back to their corners, maybe we can have an overdue discussion about what kinds of gun laws really work.

Ignoring the Constitution Is a Bad Habit

By ALAN CHARLES RAUL

Yesterday the Supreme Court invalidated the Food and Drug Administration's attempt to regulate tobacco products as medical devices or "nicotine delivery systems." The case, *FDA v. Brown & Williamson Tobacco Corp.*, will have a salutary effect on the future course of executive vs. legislative power. It is also a good reminder that the court must decide only legal issues, not social ones.

The five-justice majority and the four dissenters agreed on three things: First, since there is no remaining doubt that smoking is dangerous, the question of the FDA's legal authority does not turn on the open-and-shut medical answer. Second, until 1995 FDA officials repeatedly and consistently disclaimed any jurisdiction over cigarettes and other tobacco products. Third, the decision to regulate tobacco was one with "enormous social consequences."

Before getting to these "enormous social consequences," the justices analyzed the FDA's assessment of the relevant legal definitions. The FDA followed a rigorous, yearlong rulemaking process during which it received more than 700,000 public comments, more than it has received on any other proposed regulation. The FDA also determined, reasonably enough, that tobacco products are drug-like within the meaning of the relevant statute, in that nicotine is a powerful chemical that affects the "structure or function" of the body.

In order to assert jurisdiction, however, the FDA was legally required to find that tobacco manufacturers *intend* their products to affect the structure or function of the body. The agency's handling of this element became quite controversial because it provided the ostensible answer to the question of what had changed to jus-

tify the agency's dramatic new assertion of regulatory authority. The FDA claimed it had, only recently, obtained evidence that the tobacco industry "knew nicotine achieved appetite-suppressing, mood-stabilizing, and habituating effects through chemical (not psychological) means, even at a time when the companies were publicly denying such knowledge," in the words of Justice Stephen Breyer's dissent.

Prior to 1995, the agency's "intent to affect" judgments were based not on what manufacturers knew, but on what they *said*—that is, on their advertising and promotional claims. The majority decided not to address the FDA's authority to resolve "intent to affect" questions, nor did it question the agency's dubious assertion that its information was in fact new. Justice Breyer's dissent rightly argued, without disagreement from the majority, that a new administration has the authority to make different decisions from its predecessors: "A change in administration brought about by the people casting their votes is a perfectly reasonable basis for an executive agency's reappraisal of the costs and benefits of its programs and regulations. As long as the agency remains within the bounds established by Congress, it is entitled to assess administrative records and evaluate priorities in light of the philosophy of the administration."

The important question, then, is what are the "bounds established by Congress"? The majority of the court yester-

day found that Congress's decisions over many years clearly indicated the legislators' intention that tobacco policy should be left for Congress to set, for better or worse. Congress had, in fact, regulated tobacco by instituting a mandatory warning label. It had also subsidized the cultivation of tobacco.

Tobacco policy, thus, is a complex matter. So how did the FDA come off thinking it should displace Congress from setting social policy in this arena? For starters, Congress often punts on tough questions, and there is evidence that they did so here. In the FDA Modernization Act of 1997, Congress temporized brilliantly, asserting that the law was not to "be construed to affect the question of whether the [FDA] has any authority to regulate any tobacco product."

Even so, the Constitution assigns *all* legislative powers to Congress and directs the president to recommend any measures he deems "necessary and expedient" to the legislative branch. Congress may not want the job, and an aggressive, well-intentioned executive branch may be willing to get it done. But that doesn't mean they're free to ignore the Constitution.

"We must be guided to a degree by common sense as to the manner in which Congress is likely to delegate a policy decision of such economic and political magnitude to an administrative agency," Justice Sandra Day O'Connor wrote in yesterday's decision. In this case the court was guided not only by common sense but by constitutional discipline. Tobacco products undoubtedly should be regulated in the public interest. But not at the cost of the checks and balances that are vital to our democracy.

Mr. Raul is a Washington lobbyist.



Justice O'Connor
Common sense
prevailed.

A Breakthrough on Gun Control

In a major victory for public safety, the nation's largest gun manufacturer, Smith & Wesson, agreed yesterday to change the way it designs, distributes and markets guns. In exchange, the Clinton administration and other plaintiffs agreed to drop a threatened lawsuit against the company. The agreement marks the first big concession by industry to the mounting public and political pressure for stronger gun controls. It also represents a crushing defeat for the National Rifle Association, which has been arguing violently against the very reforms that Smith & Wesson has now agreed to undertake.

The deal contains nearly a dozen new measures aimed at keeping guns from criminals or making them safer. Among the most important is Smith & Wesson's agreement to withhold its weapons even from authorized dealers at gun shows unless every other seller at the show agrees to conduct background checks of purchasers. Gun-show sales by unregulated dealers are a major source of the weapons that find their way into criminal hands. The company also agreed to do business only with dealers who pledge to release no more than one gun every 14 days to the same purchaser. That would help eliminate bulk purchases of handguns, another major source of the weapons that gravitate to criminals. In the same spirit, the company agreed to sever its ties with dealers who sell a dispropor-

tionate number of guns that figure in crimes.

On the safety side, Smith & Wesson agreed to several new design standards to prevent guns from falling into the wrong hands — children, for example — and to prevent accidental shootings. It agreed to install trigger locks and to develop within three years so-called "smart-gun" technology that will allow only the owner of a gun to fire it.

These and other provisions represent a huge improvement over the modest Congressional package of gun control measures that survived the N.R.A.'s fierce opposition but now languish in a House-Senate conference committee. Nevertheless, Congress should pass those measures and then entertain new legislation based on the Smith & Wesson agreement, which needs to be made applicable to the other big gun makers.

The pressure on these companies has risen dramatically. About 30 cities have sued them seeking to recover the costs of gun violence, and New York State's attorney general, Eliot Spitzer, pledged yesterday to reinvigorate his campaign for a nationwide boycott by local and state governments against manufacturers that fail to adhere to the principles adopted by Smith & Wesson. Since these governments account for about one-fourth of all gun purchases, Mr. Spitzer has great leverage if he can get the rest of the country to go along.

Caviar-and-Carpet Diplomacy

The White House responded smartly yesterday to the recent election of a moderate Iranian Parliament by lifting some economic sanctions and hinting that more might follow. Tehran must make the next move by dropping its resistance to direct government-to-government talks with Washington.

The American actions, outlined by Secretary of State Madeleine Albright, end a ban on the import of Iranian food and handicrafts, accelerate talks on resolving competing financial claims going back to the 1979 Iranian revolution and ease licensing rules for cultural and academic exchanges. Food and handicraft exports like caviar, pistachio nuts and carpets bring in far less revenue than oil exports, which remain barred. But Dr. Albright implied that other steps could come if Iran responds positively, including reconsideration of a prohibition on American investment in Iran's oil industry.

The reform coalition around President Mohammad Khatami has an ambitious domestic agenda that includes working out a reallocation of power with conservative clerical authorities, reviving Iran's economy and restoring rule of law. Until now, the reformers have been skittish about taking on

sensitive foreign policy issues like mending ties with Washington. But Dr. Albright's proposals demonstrate the domestic advantages to be gained from less strained relations with the United States. Food and handicraft exports to America can generate millions of jobs, helping the reformers reduce Iran's dangerously high unemployment rate. A successful conclusion to the claims talks could also free assets needed for development.

As Dr. Albright noted, conservative clerical leaders still exercise great power. There can be no normal ties, and probably no lifting of oil sanctions, until the clerically controlled Revolutionary Guards and intelligence agencies sever their ties with terrorism and the military abandons its efforts to develop nuclear weapons. Dr. Albright also drew a proper link between human rights issues and future improvements in relations with Iran.

Washington has now offered a gesture of friendship, including a frank acknowledgment of past American policy mistakes toward Iran. With his strengthened political hand at home, Mr. Khatami should do his part to ease an estrangement that serves neither America's interests nor Iran's.

Where Chaos Foils Ambition

By Mohsin Hamid

Life is getting tougher in Pakistan, even for the insulated middle class. After each rainy season, my cousin tells me, the roads are a little more rutted, so you need a ruggedly priced sport utility vehicle. Phone lines can be erratic, so you need a cell phone. The police can't be trusted, so you have to get a security guard. The education system is bankrupt, so you need to study abroad.

The problem is, my cousin can't afford an S.U.V. or a cell phone or a guard. Two years in an American business school would cost him 12 times his annual salary, before taxes, which he actually pays. And he isn't even truly poor, as the vast majority of the subcontinent's people are. They watch their children die for lack of safe drinking water; he, as a banker who's been at it for a while, at least has necessities.

For the middle class in Pakistan, the state isn't delivering on its most basic responsibilities: infrastructure, security, education — things the middle class, unlike the rich, need because they don't have the money to slip into four-wheel drive when potholes get too big.

All this is nothing new, in Pakistan or in India or many other countries. But as never before, my cousin now really knows what he's missing. An information monsoon is drenching Pakistan. Drops of what's going on in the

Mohsin Hamid is the author of "Moth Smoke," a novel.

outside world are gathering in upturned satellite dishes, falling harder and louder every day.

After my cousin's younger brother describes his new Western-style sideburns and pony tail, my cousin tells me, over a free Internet voice connection, that he would be happy to pay taxes if the government would just do something productive with the money.

That's why the military coup last year had so much popular support. My friends and family, liberal-minded Pakistanis all, weren't supporting the army or the self-appointed chief exec-

The real and virtual worlds collide in Pakistan.

utive, Gen. Pervez Musharraf. They were desperate, and they were supporting change. But already, some of them are beginning to sense that we might be in for more of the same. Where is change going to come from?

Some hope that President Clinton can help, and that is why his coming visit to that old American friend, Pakistan, is so important.

The conflict between Pakistan and India over the territory of Kashmir is the cancer spotting the subcontinent. For 50 years, both countries have spent billions on arms and nuclear weapons instead of on things people need, like primary schools. The potential for human catastrophe is great;

the world cannot just dismiss the dispute as a regional matter. Nor will the dispute be settled until outsiders intervene.

This week, as President Clinton builds friendly American relations with India and pays his quick visit to Pakistan, he is in a strong position to get the two nations talking.

The Indian government will resist international meddling in a conflict it is too big to lose. But India must now ask itself: Is it prepared to risk further weakening and isolating Pakistan?

Autonomous groups and ethnic and religious warriors, responding to the Pakistani people's frustration, are staking out their own challenges to the state.

By draining government coffers, the Kashmiri conflict opens the door to chaos and anarchy. And a desperate, nuclear-armed Pakistan poses grave risks to the people of India as well. India must realize that the defeat of Pakistan will never mean victory.

Compromises once unthinkable may now be thinkable. My cousin doesn't like India, but he really wants that M.B.A. He saw Yasir Arafat and Yitzhak Rabin shake hands.

Lobbing artillery shells over the border when children are dying of malnutrition has never made sense for either side. But now the link between the two has a new immediacy: economic prosperity has begun to flicker on millions of screens in the living rooms of the subcontinent.

Sell the dream, Mr. Clinton. America can do that so well. □



U. S. Department of Housing and Urban Development
Washington, D.C. 20410-0500

DEPUTY GENERAL COUNSEL

VIA TELEFACSIMILE

Honorable Eliot Spitzer
Attorney General of the State of New York
120 Broadway
New York, New York 10271

Dear Eliot:

Secretary Cuomo is en route to Boise, Idaho, but I was able to reach him and let him know about your letter from this afternoon. He was concerned that I get back to you immediately. This is my understanding of the current status of affairs.

I appreciate your points on why it might be beneficial to proceed with the previously scheduled Wednesday meeting. However, notification of the meeting's postponement has already gone out. As you know, the events of last week consumed quite a bit of time and energy on everyone's behalf and afforded a significant opportunity for communication. The consensus was that it was better to postpone the meeting until next week to allow us to regroup and assess the state of events. We are trying to coordinate a meeting date next week most convenient for all.

In the meantime, we wholly agree that "economics" can play a role in the next phase of this matter. In any event, you are correct that all levels of government understand the economic forces at play here, and if coordinated we can make a real difference. Mayor Archer spoke on Friday about his desire to marshal the cities as an economic force (Mayor Archer is Vice President of the National League of Cities, which may be able to play an important role). The state of Maryland is aggressive on this front and would like to coordinate the state governments. The National Association of Counties (NACo) and the U.S. Conference of Mayors (USCM) are also eager to help and take a leadership role. In addition, your suggestion to speak to -- and hopefully coordinate -- the nation's Attorneys General about this would be very valuable indeed. The President has directed Bruce Reed to examine federal procurement options, and Neal Wolin has several ideas at the Department of Treasury. Secretary Cuomo has acted on the preference for the 3,200 housing authorities funded by HUD. Our challenge on the federal level will be to try to coordinate all of these efforts for maximum effect and to avoid overlap. To date, as far as I know, Detroit, Miami and Atlanta have announced actual enactment of preferences for responsible gun manufacturers.

A number of parties believe it is better to have the economic pressure be the result of the market responding positively to a newly available product and newly established standard as opposed to economics used as a negative tactic in the negotiations. There is also concern among police organizations that we not limit their weapon options. We agree with both concerns and believe they can be addressed.

We are trying to set up a meeting for this Wednesday to coordinate this coalition. The timing might work well for you considering the NAAG meeting this Thursday. Please let me know if you are interested, and I will send you all the details.

Secretary Cuomo will be back in Washington tomorrow evening, and you should feel free to call him at his home or wait to speak with him at the event on Wednesday.

Yours sincerely,



Max Stier

cc: Bruce Lindsey
Bruce Reed
Neal Wolin
Louise Renne
Jim Hahn
Joe Ramallo

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Arms Deal

Behind the Gun Pact: Mixing Legal Hardball With Personal Bonds

Smith & Wesson CEO Shultz Found Common Cause With Clinton Emissaries A Crucial Role for Barbecue

In late January, two young Clinton administration lawyers flew to the Nashville, Tenn., airport, where they handed Ed Shultz, the chief executive of Smith & Wesson Corp., a list of gun-control demands. Agree to this, the government attorneys said, and the legal assault on the nation's largest handgun manufacturer would be called off.

After perusing the proposed settlement, Mr. Shultz, a gruff 58-year-old with white hair, turned to one of the political operatives and asked sharply, "Max, how old are you?"

"Thirty-four," answered Max Stier.

"If you live a good long life," Mr. Shultz said, "you will not live to see this proposal happen."

Two months later, Mr. Shultz signed an unprecedented settlement based on that

Setting Sights on Safety

Two foreign handgun makers are taking steps toward adopting more stringent rules for dealers. Article on page A3.

very proposal. If rigorously enforced, the deal would significantly restrict the way Smith & Wesson firearms are made and sold. The agreement could force other handgun makers to seek similar terms, potentially effecting a more sweeping round of gun regulation than any single piece of legislation in 30 years.

How did the deal get done?

A big part of the explanation is the unlikely bond that developed between Mr. Shultz, a pragmatist with a history of irritating the National Rifle Association, and Mr. Stier and his administration colleague, Neal Wolin, 38 years old. The pair of rising but little-known Washington politicians, who between them had zero personal experience with firearms, won the executive's trust as they shared barbecue, talked football and assured him that the concessions they sought would buy Smith & Wesson a broad reprieve from antigun attacks.

Mr. Shultz made secrecy a condition of talking, and the Clintonites delivered. Meetings were held in out-of-the-way airports and, on several occasions, in a seldom used conference room at the U.S. Mint in Washington. Not many reporters patrol the mint.

Word of the talks did leak — but from within Smith & Wesson. Rather than causing discord, however, the fear that hardliners on both sides would have a chance to kill the embryonic deal only accelerated the discussions. And last Friday, the White House caught most of its own gun-control allies, as well as the firearm industry, by surprise when it announced its prized defector, Mr. Shultz.

As recently as January, it looked like the Clinton administration's grab for con-

trol of gun-settlement discussions had caused negotiations to collapse.

Since mid-1999, some of the 29 cities and counties that had sued the industry to recover the public costs of gun violence — together with the states of New York and Connecticut, which were threatening to file their own suits — had held desultory peace talks with firearm executives. In December, President Clinton declared that he was sending in a platoon of his aides to energize the negotiations, or, if that failed, to organize a class-action suit against gun makers on behalf of thousands of federally subsidized housing projects.

The team of top Washington officials, led by Housing Secretary Andrew Cuomo, arranged to include themselves in a previously scheduled meeting Jan. 21 in Las Vegas between industry leaders and state and local representatives. But with their plane tickets already in hand, the federal officials got word that their participation had killed the session; most influential gun executives couldn't stomach the possibility of handing President Clinton a political victory in an election year.

"We thought we were at a dead end," says a Treasury Department official on the gun-policy team.

But Mr. Cuomo pressed on. He was the administration's strongest proponent of seeking a gun-control breakthrough by bargaining in the shadow of the threat of endless litigation. He had read press accounts in which Smith & Wesson's Mr. Shultz distinguished himself from industry rivals who swore to fight until the last. Mr. Cuomo instructed his deputy general counsel, Mr. Stier, to phone the executive. Sure enough, Mr. Shultz agreed to meet at the Nashville airport, where they figured they wouldn't be spotted.

The fact that Mr. Shultz spends a lot of his time in Tennessee, far from Smith & Wesson's factory in Springfield, Mass., helps explain his unusual place in the gun industry. Unlike most senior firearm executives, who are industry lifers, he joined the business only eight years ago, when he was hired by British conglomerate Tomkins PLC to run Smith & Wesson, a Tomkins unit. He also heads another Tomkins unit, Murray Inc., in Nashville, which makes home-maintenance gear.

"I make consumer products," he likes to say, noting that under him, 148-year-old Smith & Wesson is diversifying into such products as specialty auto parts and criminal-tracking software. People in the clannish gun industry mutter that he cares more about producing lawn mowers than pistols.

At the airport rendezvous, Mr. Shultz glumly confessed that while the municipal litigation struck him as wrongheaded — Smith & Wesson doesn't cause crime; criminals do — he feared that the lawsuits endangered Smith & Wesson's future.

His mood didn't improve when the two young emissaries outlined the administration's proposal. "There were a lot of things that just didn't make sense," Mr. Shultz recalls in an interview, citing, for example, a potentially deal-breaking demand that customers be restricted to buying only one gun a month.

He was pleasantly surprised, however, that Messrs. Stier and Wolin, who as general counsel at the Treasury Department helps oversee the Bureau of Alcohol, Tobacco and Firearms, lacked what Mr. Shultz regards as the standard big-city bias against gun makers. They told him they were willing to bargain on practically every part of their proposal, which

would require that handguns include low- and high-tech locks, that manufacturers for the first time supervise retail dealers' practices, and that an outside commission enforce the pact.



Ed Shultz

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The "boys" are Mr. Zeckendorf's sons, William Lie and Arthur, and they paint quite a contrast to the current state of their father. The two 40-ish men, with Goldman Sachs as an investor, have just built one of the most expensive luxury condominium complexes ever put on the market in Manhattan, with some units going for more than \$10 million. The project cost about \$100 million to develop, but industry experts say it could bring in \$260 million.

They say they aren't helping their father with his financial problems. "He has never asked us to," says William Lie Zeck-

endorf. "He's always said he can handle it on his own."

Even Mr. Zeckendorf's wife seems to be doing well in real estate. On the road leading up to their private hilltop residence in Santa Fe, a sign says, "A Zeckendorf & Ater Development; Premium View Homesites, One Acre and Larger." Mrs. Zeckendorf is the name behind the venture.

It was in part this familial real-estate success that prompted one creditor to bust into Mr. Zeckendorf's swank New York digs last summer.

The creditor, R.B. Asset Inc., a New York-based investment firm, is run by Alvin Dworman, a man Mr. Zeckendorf had real-estate dealings with for more than 30 years and whom Mr. Zeckendorf considered at the least a business friend. The fight centers on a personal guarantee Mr. Zeckendorf signed on an ill-fated project to develop condos in the Bronx in the 1980s. The project, called Shorehaven, had the actor Sylvester Stallone as one of its original investors.

Mr. Dworman declines to discuss the matter, but Mr. Zeckendorf calls the break-in "part of a dirty, dirty tactic." Mr. Zeckendorf says he didn't pay off the guarantee because he "couldn't."

Not couldn't, but wouldn't, counters R.B. Asset. Mr. Zeckendorf "leads a lavish lifestyle . . . and he's surrounded by people with substantial net worth," says Christopher J. Sullivan, an R.B. Asset attorney. According to court documents filed by R.B. Asset in 1999, Mr. Zeckendorf "owns or may own shares" in at least 75 corporate entities and has interests in an additional 24 partnerships. (Mr. Zeckendorf says all of those entities have been dissolved.) Both the house in Santa Fe and the lease on the apartment in New York are in the name of Nancy Zeckendorf.

R.B. Asset hired collection attorneys—specialists in retrieving assets, from car parts to diamonds, from delinquent debtors—to take on the Zeckendorf case. These attorneys, Kerry Lutz and David Waldman, who operate out of Elmsford, N.Y., print their motto on patches and shirts: "One Shot, One Kill."

The collection attorneys were convinced that Mr. Zeckendorf's apartment, in the penthouse of the luxury Delmonico Hotel on Park Avenue, would yield a cache that could satisfy their client's claim. In June, they obtained a court order from a State Supreme Court of New York judge that stated that a city marshal could "open by force the safe located in the judgment debtor's hotel room and remove its con-

tents to the maximum aggregate value of \$4,776,414.89."

In February 1999, Mr. Zeckendorf, after years of court wrangling, had entered into a so-called confession of judgment in which he agreed that he owed R.B. Asset precisely that amount. But he hadn't paid. The court order the collection attorneys obtained in June carried no requirement that they alert Mr. Zeckendorf.

They didn't. On Friday the 13th last August, Mr. Lutz arrived at the lobby of the Delmonico with the court order, a city marshal, two uniformed New York City police officers and a locksmith wheeling stacked boxes of tools, including his safecracking gear.

Going to Work

It looked like a scene out of an old "Dragnet" episode. The hotel manager escorted the entourage to a cramped, hot hallway facing unit #31A, the only apartment on the 31st floor. Mr. Lutz knocked. No answer. He turned to the locksmith. "Do your thing," Mr. Lutz instructed.

For the next 40 minutes the locksmith ground down bolts amid a shower of glowing embers. As he worked, Mr. Waldman, the other half of the collection-lawyer team, who had stayed behind in the office, contacted Mr. Lutz via walkie-talkie. "Zeckendorf's lawyer called," said Mr. Waldman. "What right do you have to do this?" he says to me. So I explained it to him."

Mr. Zeckendorf's lawyer, Kenneth Block, had heard about the break-in effort after someone at the hotel tipped off Mr. Zeckendorf's New York office. Furious, Mr. Block threatened to hold Mr. Lutz and Mr. Waldman personally responsible if they continued to try to break into the apartment. They continued. The locks gave, the door opened, and Mr. Lutz whipped out a video recorder.

He panned to a painting on one wall, a Modigliani, then to a sculpture, a Degas, on a pedestal nearby. (Mr. Zeckendorf's sons later filed court papers saying the artworks belong to them and they had lent them to their father.) A denlike room contained built-in bookcases, a big TV set and two huge chairs. An alcove was filled with dozens of bottles of wine. Beautiful vases and stonework were scattered throughout the U-shaped apartment.

The attorneys found no safe, but "there's a wide display of wealth here," Mr. Lutz said as he wound up his survey. They didn't snatch any valuables. "I think we made our point that we're going to look

everywhere in the world for his assets."

Mr. Zeckendorf has gotten into similar sticky situations, not with such dramatic results. According to documents filed in New York's Supreme Court, Mr. Zeckendorf was sued by Bank Leumi Co. in 1992 for failing to pay a personally guaranteed loan of \$2.1 million that was made in 1990. The two sides settled, but in November 1994, Mr. Zeckendorf stopped paying. The bank went back to court in 1997, and another settlement was reached.

The bank's attorney declines to give details, and it's unclear whether Mr. Zeckendorf is still paying off that loan or other outstanding claims against him. New York Supreme Court documents also show an August 1998 judgment won by WIP Properties Ltd. against Mr. Zeckendorf for \$2.7 million stemming from a loan made back in 1987. In a case from 1996, World-Wide Holdings Corp. won a \$6.5 million judgment against the developer.

Theater Project

Back in the hills of Santa Fe, Mr. Zeckendorf says he was shocked and upset by R.B. Asset's break-in. He and R.B. Asset now say they have ironed out a settlement. They won't disclose terms.

How will Mr. Zeckendorf make payments if, as he claims, he doesn't own anything? "I was able to borrow money," he says. "If you don't have money, you don't have money."

Meanwhile, Mr. Zeckendorf says, he has been enjoying volunteering his time on the board of the College of Santa Fe, a liberal-arts college. Along with his wife, he has helped raise money for the renovation of a downtown movie house that is being turned into a performing-arts center. The rest of his time is spent in his adobe-style hilltop home, where he has a spectacular view of the setting sun.

Recently, Mr. Zeckendorf quietly began to tell some members of the nonprofit boards he sits on about his debt problems. Over coffee at a restaurant in Santa Fe, Mr. Zeckendorf tells David Ater, a local developer and a fellow member of the theater project, that he hopes he doesn't have to resign his board position.

"No, you shouldn't. I don't see how that has anything to do with the work you do here," says Mr. Ater, who is also Nancy Zeckendorf's partner in the Sierra del Norte development.

Mr. Zeckendorf is quiet for a moment, looking down at the table, cautiously perched on his pillow-bag. "Thank you," he says softly.

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Equally surprising, Mr. Shultz discovered himself enjoying the company of the young men from Washington. The frost from his "good long life" remark to Mr. Stier melted quickly as the threesome mixed business with talk about food, television and the recent Super Bowl. Mr. Shultz recounted a humorous commercial that ran during the football championship, featuring cowboys trying to herd a large group of cats. Trying to organize gun executives to deal with common problems was "like herding cats," Mr. Shultz said.

The Washington lawyers laughed that the saying also applied to getting cities, states and their outside lawyers to agree on gun-policy goals.

That raised one of Mr. Shultz's main anxieties: Could the Feds assure him that if he settled, most of the 29 municipalities that had gone to court, as well as New York and Connecticut, would cease hostilities?

They would try. In a separate phone call, Mr. Cuomo told Mr. Shultz that if necessary, he would use his legal and fiscal influence on urban issues to persuade recalcitrant local officials.

The talks were still alive.

Gun-industry veteran Robert Delfay says in an interview that a sixth sense told him something might be up at Smith & Wesson. Mr. Delfay, president of the industry's main trade group, the National Shooting Sports Foundation, says he phoned Mr. Shultz in early February. "I want to know whether you are cutting your own deal," Mr. Delfay recalls saying. He says he took notes on the conversation.

There was history behind his suspicion. In 1997, as gun-control proponents in Congress tried to mandate safety locks on all firearms, Mr. Shultz unilaterally an-

nounced that Smith & Wesson would provide locks that could at least prevent curious small children from firing the weapon. Most other handgun manufacturers later made the same pledge at a Rose Garden ceremony hosted by President Clinton. The NRA, which resists almost any new restriction of gun owners' rights, lashed out at Mr. Shultz for helping engineer a Clinton political coup.

Mr. Delfay, who shares the NRA view of the trigger-lock episode, pressed Mr. Shultz about whether he was once more plotting his own course.

"I'm not going anywhere," Mr. Shultz said, according to Mr. Delfay. In retrospect, the comment seems studiously ambiguous. At the time, Mr. Delfay now says, "I took it as a reassurance." (Mr. Shultz says he doesn't recall making the comment and that, in any event, the conversation with Mr. Delfay took place before the face-to-face meetings with administration officials.)

Even as he kept Mr. Delfay and other industry leaders in the dark, Mr. Shultz continued to warm to his new acquaintances from Washington. The trio marked one subsequent get-together by going to lunch at Nashville's Bar-B-Cutie restaurant. Mr. Shultz picked up the check.

On other occasions, Mr. Shultz sent Smith & Wesson lawyers to Washington to hammer out specifics. Rather than risk the gun lawyers being seen near the headquarters of the Housing and Urban Development or Treasury Departments, Mr. Wolin arranged for meeting space at the Bureau of Engraving and Printing.

The assemblies at the mint seemed to stay clandestine, but negotiations began bogging down. Anne Kimball, Smith & Wesson's longtime top outside litigator, dug her heels in on several key issues—for example, insisting that it would be "unworkable" for the manufacturer to enforce significant new curbs on all of its retail dealers, as the administration demanded.

To the Clintonites' relief, Mr. Shultz himself weighed in to say that he saw the retailer code of conduct as a reach, but not unworkable.

The stakes jumped in February, when Mr. Shultz raised the possibility of bringing another major handgun manufacturer into the deal. Paul Jannuzzo, vice president of the U.S. unit of Austria's Glock GmbH, joined the negotiations at the Mint, and Mr. Shultz successfully pressed for loosening a safety-related pistol-design provision that Glock opposed.

Mr. Shultz was eager for Smith & Wesson to have an ally in the face of industry and NRA recriminations. Mr. Jannuzzo shared the desire to end the court battles and didn't want Smith & Wesson to use the bargaining as a way to get an edge on law-enforcement and military contracts.

Mr. Jannuzzo balked at a handful of key measures, such as a three-year deadline to equip all new handguns with "smart" technology that allows only authorized users to fire. Smith & Wesson has been developing a fingerprint-recognition system for years; Glock has started research but doubts whether anything feasible will come of it. By March, Mr. Jannuzzo backed out. "I made myself scarce," he recalls, waiting to see how Smith & Wesson fared.

The Feb. 29 fatal shooting in Flint, Mich., of six-year-old Kayla Rolland by a classmate the same age added urgency to top Clinton officials' desire to close a deal with Mr. Shultz. Mr. Cuomo and Deputy Treasury Secretary Stuart Eizenstat separately telephoned the Smith & Wesson chief to warn him that they couldn't keep the talks secret indefinitely.

Indeed, a leak had already sprung: A

Smith & Wesson official familiar with the talks had spoken to someone in the office of Eliot Spitzer, New York state's attorney general. Since mid-1999, Mr. Spitzer had been struggling to organize talks between gun companies and various state and city officials. He resented the administration's stepping in to take the lead. And when he learned of the Smith & Wesson negotiations, he angrily complained to the White House that he would blow everyone's cover unless he was given some role. (Mr. Spitzer's spokesman confirms the account.)

Last Wednesday afternoon, an administration contingent flew to Hartford, Conn., where Mr. Shultz met them. In a conference room at the airport Sheraton, the gun executive sat between Messrs. Cuomo and Stier and reviewed the 21-page draft agreement, line by line.

After five hours of discussion, the terms fell into place: Smith & Wesson would develop the electronic smart gun, but all existing firearm models could continue to be made with old-fashioned mechanical technology. The company would consent to oversee its retail dealers to an unprecedented degree, but the administration gave some ground. Rather than the one-gun-a-month rule, multiple sales would still be allowed, but the customer would be able to walk away with only one handgun on the day of purchase. The customer would have to return 14 days later for his additional weapons; during that time, the authorities would be notified and given a chance to investigate.

On Thursday, the White House presented a copy of the proposed settlement to Dennis Henigan, the top lawyer with Handgun Control Inc., the advocacy group representing many of the municipalities in their suits. A startled Mr. Henigan liked much of what he saw but made one non-negotiable demand: that Smith & Wesson agree to abide by any tougher terms that were later squeezed out of any other settling gun companies.

Mr. Shultz agreed.

Mr. Henigan then lent his support to a White House phone marathon seeking commitments from cities and counties. Fifteen municipalities agreed; several others indicated they likely would follow.

Glock's Mr. Jannuzzo also received a copy of the pact on Thursday. He was tempted again to join Mr. Shultz's bold foray. Early Friday morning, he sent Mr. Shultz an e-mail, asking for modest changes to provisions on the smart gun. But because of a computer glitch, the e-mail never arrived, Mr. Jannuzzo says, and time for amending the deal expired.

Mr. Spitzer's anger had faded, and he flew to Washington for the noon announcement ceremony. He praised the deal and signed it.

Mr. Shultz got stuck in Springfield by bad weather and had to participate in the announcement by speakerphone. Standing at a lectern in Washington, Mr. Cuomo asked, "Are you with us, Ed?" There was no reply at first. Mr. Cuomo asked again.

Finally, Mr. Shultz's disembodied voice: "Yes, I guess I am."

NIN

Clinton Pledges Aid to Fight Child Labor

President Spotlights Bangladesh's Successful Program

By GLENN BURKINS

Staff Reporter of THE WALL STREET JOURNAL
DHAKA, Bangladesh — Bina Aktar was only 10 years old when a friend suggested she look for a job at a small garment factory just across the road from her parents' home.

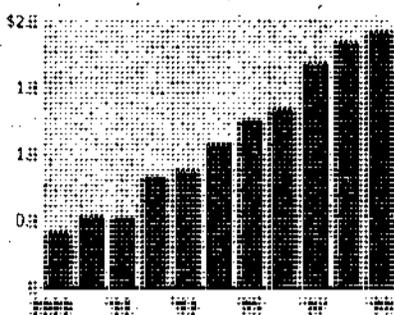
She was quickly put to work, earning about \$14 a month clipping loose threads from shirts and pants bound for U.S. stores. "I didn't like working, but my family is very poor," Miss Aktar says, some five years later.

Yesterday, as President Clinton stood in the courtyard of the U.S. Embassy here to announce \$8.6 million in U.S. aid to combat Bangladesh's persistent child-labor problem, Miss Aktar, now 15 and a part-time student, clapped approvingly. She was joined by more than a dozen of her former co-workers who also were rescued from Bangladeshi shops.

With the White House now poised to battle opponents who want to block Beijing's entry into the World Trade Organization, in part because of worries about labor practices in China, administration officials are

Growth Spurt

U.S. imports from Bangladesh, in billions of U.S. dollars



Source: U.S. Census Bureau

eager to spotlight Bangladesh's success.

The International Labor Organization, a United Nations affiliate, says that since 1994, its monitors have removed an estimated 50,000 children from this country's booming garment industry—all of them under the legal working age of 14. Ob-

servers hold up Bangladesh as one of the few countries that has made appreciable progress in curbing child labor, and supporters say that other developing nations, mostly notable in Central America, are trying similar programs.

A tiny nation of 128 million people, Bangladesh is one of the world's poorest countries. It would have scant trade if it weren't for U.S. retailers. In 1999, it shipped finished clothing valued at \$1.9 billion to the U.S., a figure that accounted for about 70% of the country's foreign currency.

Since 1995, U.S. trade officials say, textile exports from Bangladesh have risen 64% in value and 87% in volume, and the Bangladeshi government has asked the Clinton administration to allow even more of its garments into the U.S. So far, the administration has declined, citing the country's restrictions on labor unions.

Given the importance of the U.S. market, Bangladeshi officials and garment manufacturers here were panicked a few years back when watchdog groups began protesting their country's long history of child labor. Congress moved to ban the import of goods made by children, and U.S. retailers grew skittish.

With the export market in jeopardy, textile makers reluctantly agreed to ban children younger than 14 from their shops, and consented to surprise inspections by the International Labor Organization.

Rijk van Haarlem, an ILO official who helped design the Bangladeshi program, says that when inspections began in 1996, children were found in 33% of all factories searched. By the end of last year, he says, that figure had fallen to less than 10%.

Even the AFL-CIO acknowledges Bangladesh's progress. "We have to admit," says Phil Fishman, the federation's assistant director of international affairs for Asia, "there has been a reduction in child labor in the industry." But union officials are quick to point out that it was international pressure, not employers' goodwill, that forced the issue. They also speculate that the inspections may have forced much of the abusive child labor further underground.

Miss Aktar says she knows of no under-age children working in Bangladeshi shops today, a claim, she says, she couldn't have made just a few years ago. Miss Aktar was discovered by an ILO inspector in 1996, and now is enrolled in a U.S.-supported school where she studies mathematics, English, history and reading. Before that inspection, she says, she had never set foot inside a classroom.

She now dreams of becoming a nurse. "Education isn't a burden to me," she says.

During his daylong visit here, Mr. Clinton also announced \$97 million in new food assistance for Bangladesh, as well as a \$30 million clean-energy initiative designed to help the country produce energy more efficiently.

Mr. Clinton, the first U.S. president to visit the country, had planned also to visit a rural village where workers—mostly women—borrow small sums from a local bank to finance small-business ventures. But the trip was canceled for security reasons, and several hundred villagers were bused to the capital to greet Mr. Clinton.

Sitting in sweltering heat and surrounded by the villagers and some of the children rescued from garment factories, Mr. Clinton said developed nations can ill-afford to ignore countries such as Bangladesh—democratic nations striving to build their economies. "I believe more strongly today than ever," the president said, "that intelligence and ability and a human spirit are evenly distributed across the rich and the poor, in every continent on Earth."

'98 Swissair Crash Inquiry Sees Cockpit Map Light as Spark Source

By MATTHEW L. WALD

WASHINGTON, March 17 — Canadian investigators looking into the deadly crash of Swissair 111 in 1998 say a pilot's ramp light, built into the cockpit ceiling of the MD-11, may be a source of ignition in that model airplane.

Boeing responded by urging airlines that fly that model to make frequent checks until the light could be replaced. The Federal Aviation Administration is considering whether to make the checks mandatory.

Boeing also told the airlines to install fire-resistant tape to protect

insulation.

The point is moot for Canada, because no MD-11 jets are registered there. The investigators found the problem by inspecting MD-11's outside Canada that were being stripped down for maintenance. The MD-11's were made by McDonnell Douglas, which Boeing has acquired.

But Canadian officials say they are still far from determining the cause of the crash, which killed 129 people off Nova Scotia. "We haven't ruled out anything, yet," Jim Harris, a spokesman for the Canadian Transportation Safety Board, said today.

After finding the problem, Mr. Harris said, investigators at a military base began sorting through boxes of fractured debris to see whether they could find the map light from the plane that crashed.

In the months since then, the board's most important recommendation has been to reduce the material on board that can fuel a fire, by replacing the insulation. The board has also called for looking into another potential cause of fire, wiring near the main cabin door, which it said could be damaged and provide a spark. Shortly before the crash, the crew reported smoke in the cockpit.

Examinations of about 12 MD-11's in service have found various problems with the lights, including heat damage to the adjacent insulation. The safety board has recommended replacing the insulation, and some of the damage from map lights was found by airlines that were doing that work. The lights use halogen bulbs, which operate hotter than standard incandescents.

A spokeswoman for Boeing, Laurie Gunter, said that the lights were used on other planes and elsewhere on the MD-11, but that the damage has been observed only with the captain and first officer's map lights.

Gun Makers See Betrayal in Decision by Smith & Wesson

By LESLIE WAYNE
and FOX BUTTERFIELD

Smith & Wesson's decision to adopt gun safety measures in order to settle lawsuits brought by state and federal agencies has set off criticism within the gun industry and a debate among handgun control advocates.

To many other gun manufacturers, the decision by the nation's largest gun maker was seen as a betrayal that would only alienate customers and could make Smith & Wesson an industry outcast.

Gun control advocates were mixed in their views. Some said the agreement, which ends litigation against the company brought by the federal government and 15 cities, was an important first step toward ending gun violence. Others said the agreement was filled with loopholes that Smith & Wesson, a subsidiary of Tomkins P.L.C. of London, could easily exploit.

Jeff Reh, general counsel at Beretta U.S.A. Corporation, said: "I think that a fair number of Smith & Wesson customers will no longer want to purchase their products because of this agreement, and they will lose market share. A lot of gun owners will see this agreement as a betrayal of their Second Amendment

rights and a capitulation to the Clinton administration gun control agenda."

Beretta U.S.A., like most American gun makers, is owned by a foreign company. Beretta is a unit of Fabbrica D'Armi Pietro Beretta in Riviera, Italy.

Many in the industry, as well as some of the cities that brought suit against Smith & Wesson and that were not part of the agreement, were taken by surprise.

Lawsuits have been brought against a number of gun manufacturers by 28 cities and counties to hold them responsible for the damage done by their products and to improve gun safety. Discussions between the two sides to resolve the lawsuits have been under way since late last year.

Among those sharply critical of the settlement was the National Shooting Sports Foundation, the gun industry trade group. In a statement, the foundation said: "The decision by foreign-owned handgun manufacturer Smith & Wesson to forge an agreement with the most anti-gun administration in our nation's history has violated a trust with their customers and with the entire firearms industry."

The foundation said Smith & Wesson

had taken "initiatives that have been discussed in confidential industry talks and run off and cut their own deal."

Robert T. Delfay, chief executive of the foundation, said he believed that no other gun manufacturer would follow Smith & Wesson's lead.

"Smart gun companies have said that making a deal with a half dozen cities won't save any hide one bit," Mr. Delfay said. "And it could even exacerbate the situation. So that is why I don't believe you will see other companies signing on or striking other independent deals."

He added that even if gun makers like Smith & Wesson settled some lawsuits, "hundreds more could come down the road."

"That's why the industry is interested in a unified national solution," he said, "not a piecemeal solution, like this is."

Gun control advocates had mixed views on the agreement's impact. Stephen P. Teret, director of the Johns Hopkins Center for Gun Policy and Research, said that "for the first time the gun industry has admitted it has the capacity to do much better in the design and distribution of guns."

But Mr. Teret said it was unclear whether other manufacturers would follow. "Some manufacturers will be

scrambling to get in on the deal," he said. "Others, because of the macho culture of the industry, will try to tough it out and they will suffer severe punishment."

Kristen Rand, director of federal policy at the Violence Policy Center, a gun control advocacy group, predicted that Smith & Wesson would suffer for this agreement.

"There will be a firestorm in the industry in which every other manufacturer will treat Smith & Wesson as a pariah," Ms. Rand said. "In the gun culture, Clinton equals Satan and they will see that Smith has just made a deal with Satan."

Other gun control advocates were less harsh. Garen Wintemute, director of the Violence Prevention Center at the University of California at Davis, said the agreement had important provisions. Among them are provisions that prevent Smith & Wesson from releasing guns for sale before background checks on potential buyers are completed, requirements for additional training for Smith & Wesson employees and new records to be made available to law-enforcement agencies.

"This falls short of what needs to be done to adequately regulate the industry," Mr. Wintemute said, "but it's a good first step."

Bush Moves a Little Away From the N.R.A.'s Positions

Signals Some Support for New Gun Controls

By FRANK BRUNI

AUSTIN, Tex., March 17 — Long considered an opponent of significant new gun control and a faithful friend of the National Rifle Association, Gov. George W. Bush seems to be taking small steps away from the powerful organization and signaling a greater receptiveness to additional restrictions on firearms.

Several times over the last few days, Mr. Bush expressed support for two measures — the mandatory sale of trigger locks with new handguns and the implementation of "smart gun" technology — that the rifle organization has frequently criticized.

Even more striking, Mr. Bush openly criticized the N.R.A.'s executive vice president, Wayne LaPierre, for his recent assertions that President Clinton, rather than vigorously prosecuting the laws, tolerated a certain level of gun violence to keep his public crusade for gun control on the front burner.

"I don't think the N.R.A. was right to characterize the president the way they did," Mr. Bush said in an interview at the governor's mansion here on Wednesday.

On Thursday, at a news conference in Springfield, Ill., Mr. Bush repeated his disapproval of Mr. LaPierre's remarks.

"There's a way to debate the issue without casting aspersions on the president like this," he said. "I think they've gone too far with that statement."

Asked if he was trying to distance himself from the N.R.A., Mr. Bush said, "There are going to be times when we agree and times when we disagree."

Neither a spokesman for the N.R.A. nor a lobbyist for the group responded to repeated telephone messages this afternoon.

Mr. Bush, the presumptive Republican presidential nominee, made his remarks as he began a general election campaign in which his principal challenge may be winning support in the political center and a principal obstacle to that could be a reputation as an opponent of gun control.

It is an issue that has become especially popular with moderate, swing voters like suburban women. It is also an issue that many political strategists believe will hold greater sway in this election than ever before, given the spate of gun violence and rash of school shootings over the last two years.

Vice President Al Gore has already made it clear that he will challenge Mr. Bush on gun control and make an issue of the governor's record on guns in Texas.

In 1995, Mr. Bush signed legislation permitting people with proper training and certification to carry concealed guns. In 1999, Mr. Bush signed a law forbidding Texas cities and counties from directly suing gun manufacturers to recover the costs of gun-related mayhem on the streets.

But Mr. Bush has also supported laws and other efforts in Texas to toughen criminal prosecution of people who illegally use firearms and to hold parents criminally responsible if their guns wind up in the hands of their children.

Since Mr. Bush began his presidential campaign last June, he has stated support for certain gun control measures that he did not expressly advocate in the past.

In late August, for example, Mr. Bush endorsed raising the legal age for gun ownership to 21 from 18 and banning the import of high-capacity ammunition clips. Repeatedly over

the last two weeks, Mr. Bush has said that he would sign legislation requiring mandatory safety locks on handguns if it reached his desk, even though he still expressed reservations about the efficacy of such a law. On many previous occasions, Mr. Bush had stressed support only for the voluntary sale of such devices.

In the Wednesday interview, he said he also supported a recent proposal by Gov. George E. Pataki of New York that a kind of ballistic fingerprint of each gun be made by firing it before it was sold. The record would help trace the guns used in crimes.

"I appreciate Pataki's ideas," Mr. Bush said, referring also to the New York governor's promotion of a ban on assault rifles, which Mr. Bush has long supported.

Several gun control advocates said that there has been a clear, if incremental, evolution in Mr. Bush's stance on gun control.

"I think the reality of being in a national campaign, with his record on guns, is starting to sink in," said Joe Sudbay, political director of Handgun Control, a Washington advocacy group. "He has been a very staunch ally of the N.R.A., and that may work in Texas, and that may have worked in Republican primaries, but that doesn't work with the

A candidate backs gun laws that he never expressly advocated before.

vast majority of American people."

But advocates said that it was unclear in some instances exactly where Mr. Bush stood. For example, while Mr. Bush has heralded the imminent arrival of "smart guns," or firearms that would recognize an owner's handprint and be usable only by that person, he has not specified just what sorts of laws he would support to encourage the sale and use of those weapons.

Advocates also noted that Mr. Bush's support for mandatory background checks on buyers at gun shows includes the condition, backed by the N.R.A., that those checks be conducted and completed instantly. Most Democrats in Congress say that 72 hours is necessary, and that difference was one of the major sticking points when the House and Senate debated gun control last year.

Mr. Gore supports the 72 hours as well as mandatory licensing of new handgun owners.

"Bush is sitting with the short straw on this issue," said Peter Hart, a Democratic pollster, noting that Mr. Bush's record as governor includes the 1995 law on concealed weapons. "It's a question of how much he can minimize the damage."

Kellyanne Fitzpatrick, a Republican pollster, said the situation was not that clear. The voters most likely to put gun control at the top of their list of priorities, Ms. Fitzpatrick said, are the conservatives who do not want it, not the moderates and liberals who do.

Ms. Fitzpatrick added that Mr. Bush had to be cautious about seeming to bend with the political winds.

"If Bush changes his position on guns," she said, "you open yourself up to charges of hypocrisy, softening. You don't want to do that."

UNDER LEGAL SIEGE, GUN MAKER AGREES TO ACCEPT CURBS

INDUSTRY IS SPLINTERED

Smith & Wesson Acts to Avoid Bankruptcy in a Pact That Lifts Lawsuit Threats

A

By JAMES DAO

WASHINGTON, March 17 — Smith & Wesson, the nation's oldest and largest manufacturer of handguns, agreed today to accept a wide array of restrictions on the way it makes, sells and distributes hundreds of thousands of handguns each year in exchange for ending some lawsuits that had threatened to bankrupt it.

The agreement represented a major splintering in the powerful alliance of gun makers and owners that has thwarted tough gun laws in Washington and state capitals for years. And it opened a new avenue for regulating the firearms industry without action from Congress, where partisan gridlock has stalled even modest gun-control legislation in recent months.

Under the agreement, which was immediately criticized by other gun manufacturers, Smith & Wesson will place a second, hidden set of serial numbers in all its new guns to make it harder for criminals to scratch away those identifying marks. The company promises to sell with each new handgun a small lock that prevents the trigger from being pulled, something Smith & Wesson was already doing.

And the agreement requires, within three years, "smart-gun technology" that will allow each of its new handguns to be fired only by authorized users.

But the broader impact of the agreement will depend heavily on whether other major manufacturers follow Smith & Wesson, which experts say produces about one-fifth of the 2.5 million handguns sold nationwide each year. Today, the president of the largest trade association for gun makers issued a statement denouncing Smith & Wesson for breaking ranks.

"We are confident that no other major manufacturers will desert this coordinated effort in favor of their own individual deal," said Robert Delfay of the National Shooting Sports Foundation, which is closely allied with the National Rifle Association. [Article, Page A8.]

In addition, some gun-control advocates raised sharp questions about the significance of the agreement, noting that Smith & Wesson, which is based in Springfield, Mass., and owned by Tomkins PLC of London, is already shipping trigger locks with

its handguns and is well on its way to developing smart-gun technology. And they said the agreement, which exempts weapons sold to law-enforcement agencies or to the military, would be next to impossible to enforce.

"Other than having a Smith & Wesson person posted in every gun dealership in America, I don't know how they do it," said Kristen Rand, senior counsel at the Violence Policy Center in Washington, which advocates strict gun-control legislation.

The agreement also establishes a "code of conduct" for Smith & Wesson's authorized dealers and distributors that would prohibit them, under threat of losing their franchises, from selling guns at gun shows unless the buyers have passed background checks. That issue is the major sticking point on legislation now stalled in Congress.

In a provision intended to discourage illegal gun trafficking, people who buy more than one gun from a Smith & Wesson dealer will be allowed to take home just one gun on the day of the sale, and will have to return 14 days later to claim the rest.

The agreement, which was negotiated with the help of the Clinton administration, settled litigation by 15 cities that had sought to collect damages from Smith & Wesson for gun violence. In addition, the administration and the attorney generals of New York State and Connecticut signed the deal, agreeing not to bring suits against the company. The agreement does not end litigation by the cities against other gun makers.

Last year, the Department of Housing and Urban Development had threatened to help the nation's 3,200 public housing authorities to sue the gun companies.

But 15 other cities and counties that had filed similar suits had not signed the agreement by the end of the day. And while several of those cities were expected to join the agreement soon, several more — including Chicago, whose mayor, Richard M. Daley, is a staunch ally of President Clinton's — were expected to pursue their suits against Smith & Wesson and other manufacturers because the agreement did not include monetary damages to compensate cities for the law-enforcement and health-care costs associated with gun violence.

"These companies are in the business of making money," said Jennifer Hoyle, a spokeswoman for the Chicago city attorney's office, whose suit seeks \$433 million in damages from the gun industry. "Asking for serious financial damages sends a serious message to them."

The lawsuits against the gun industry were patterned after those brought by cities and states against the tobacco industry. But unlike the tobacco industry, which had deep financial pockets and was dominated by a handful of big, publicly traded companies, the gun industry is small and fragmented. There are dozens of small, privately held gun makers, and the entire industry's revenues total about \$1.5 billion, making it difficult for plaintiffs to seek large financial settlements. Already, the threat of litigation has caused one leading gun maker, the Colt Manufacturing Company, to stop making guns for retail sale.

In a news conference at the White House, Mr. Clinton hailed the agreement as "the very first time a gun manufacturer has committed to fundamentally change the way guns are designed, distributed and marketed."

But Ms. Rand of the Violence Policy Center said the agreement contained loopholes that would allow Smith & Wesson to skirt the smart-

gun technology requirement by marketing its guns as collector's items.

"It's very disturbing to us that a gun manufacturer gets credit for doing what they are already doing and basically obeying the law," Ms. Rand said. "To settle these lawsuits that have put a lot of pressure on the industry and that had the potential of leading to real regulations, it was a tremendous step backward."

David Kairys, a professor of constitutional law at Temple University who is a consultant for many of the litigants, said he was disappointed that the agreement did not require Smith & Wesson to turn over internal industry documents that might have

shed light on the gun industry's more avaricious marketing techniques.

But Mr. Kairys said the agreement was important because it represented a major crack in a once monolithic industry position that gun manufacturers had no responsibility for the violence caused by guns.

"I view it as generally positive, because this represents a break with the past" Mr. Kairys said. "Smith & Wesson is the biggest manufacturer and they are making some changes. They are at least recognizing that what they do in marketing and distribution have an effect on crime."

Clinton administration officials said they thought the Smith & Wesson deal would have a domino effect on the industry, just as the decision by the Liggett Group, a cigarette maker, to settle a lawsuit in 1996 pressured other tobacco companies to reach settlements.

The handgun agreement, which came together over the last two days, was announced by Treasury Secretary Lawrence H. Summers and Housing Secretary Andrew M. Cuomo, whose departments helped in the negotiations. The cities and counties that signed the agreement included New Orleans, which brought the first suit; St. Louis; Bridgeport, Conn.; Newark; Los Angeles; San Francisco; Miami-Dade County, Atlanta and Detroit.

Besides Chicago, the communities that refused to join the agreement include Camden County, N.J., and

Wayne County, Mich.

At today's news conference, Mr. Cuomo and the other officials went out of their way to praise Smith & Wesson's chief executive, Ed Schulz, for signing the agreement in the face of intense opposition from other gun makers. Colt Manufacturing has faced boycotts from gun-owners' groups in the past for developing smart-gun technology, and Mr. Cuomo said there were concerns that Smith & Wesson would face similar repercussions this time.

One possible method of rewarding Smith & Wesson was raised by New York's attorney general, Eliot Spitzer, who has urged governors and big-city mayors to buy guns only from companies that accept the code of conduct outlined in today's agreement.

For the past week, the president has been embroiled in a vicious battle of words with Wayne LaPierre, the executive vice president for the N.R.A. Mr. Clinton has hammered the group for blocking gun-control legislation, while Mr. LaPierre has accused the president of responsibility for the death of a college basketball coach who was killed with an illegally acquired gun.

Today, Mr. Cuomo suggested that the heated oratory had helped create a climate that made it easier to prod Smith & Wesson into an agreement.

A spokeswoman for the N.R.A. said the group would have no comment today on the agreement.

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ONE DOLLAR

U.S. ENDING A FEW OF THE SANCTIONS IMPOSED ON IRAN

OVERTURE TO MODERATES

Albright Says More Extensive Steps May Come if Tehran Is Willing to Reconcile

By DAVID E. SANGER

WASHINGTON, March 17 — Secretary of State Madeleine K. Albright ended a few of America's economic sanctions against Iran today, and declared a commitment to take extensive steps toward ending two decades of hostility "if Iran indicates a desire and commitment to do so."

Her comments describing a map for normalizing economic ties came in a speech today that Clinton administration officials described as their most explicit overture to the moderates who triumphed in Iran's parliamentary elections last month.

Without specifying them, Dr. Albright held out the prospect of ending such sanctions as the basis on American government in Iran's oil industry and the blocking of large loans to Tehran by the International Monetary Fund and the World Bank.

But she made no mention of a resumption of full diplomatic relations.

In Tehran, the Iranian government issued a muted but moderately positive response.

Dr. Albright also acknowledged — without apologizing — a variety of American errors in past dealings with Iran, including Washington's support of the 1953 coup that restored Shah Mohammed Reza Pahlavi to power, and of Iraq during its war with Iran in the 1980's.

Nonetheless, Dr. Albright made clear that forces in Iran that she said support terrorism and try to obtain nuclear weapons technology would have to loosen their hold on the country's apparatus before there would be a deeper removal of sanctions.

The sanctions ended today are chiefly symbolic, and aimed at small businesses. The United States will end restrictions on Iranian-made carpets — a law that was widely

Continued on Page A1



A Parade of Irish Heritage and New York Politics
Snow and wind could not cool the political heat yesterday at the St. Patrick's Day parade in Manhattan. Sharing the limelight were the rivals for the Senate, Mayor Rudolph W. Giuliani, with Gov. George E. Pataki, and Hillary Rodham Clinton, with former Mayor Edward I. Koch. Page A12.



Hillary Rodham Clinton, with former Mayor Edward I. Koch. Page A12.

Seeking Clues By Simulating Davidian Siege

By JIM YARDLEY
and ROSS E. MILLOY

WACO, Tex., March 17 — Early this Sunday, a select group of government officials and private lawyers will meet at nearby Fort Hood, the nation's largest military base. For several hours, maybe longer, they will watch an extraordinary simulation intended to answer a question that has raged from lawsuits filed in the halls of Congress:

Did federal agents fire gunshots into the Branch Davidian compound occupied by David Koresh and his followers shortly before it burned to the ground on April 19, 1993, claiming the lives of about 80 men, women and children?

The exercise is intended to address one of the unresolved mysteries of the Branch Davidian standoff, an episode widely regarded as one of the most troubling in American law-enforcement history. On that fateful day, an infrared aerial surveillance video by the Federal Bureau of Investigation captured unexplained "flashes" near the compound just before the fire erupted.

Government officials have steadfastly denied that agents fired any weapons, but lawyers representing survivors and descendants of the Branch Davidians in a wrongful-death lawsuit claim that the flashes indicated gunfire.

Since the fall, former Senator John C. Danforth has been leading an investigation into the episode near

Continued on Page A1

Gay Couples Welcoming Idea of Civil Union

By CAREY GOLDBERG

MONTPELIER, Vt., March 17 — As the Vermont House of Representatives was approving a bill creating "civil unions" for same-sex couples on Thursday night, Nancy Elder turned to her partner of four years as they sat in the chamber watching together, swallowed hard and said, "So, Theresa, do you really want to do this?"

As she all but proposed, she said today, she was thinking that now that Vermont appeared on the verge of creating a sort of parallel marriage system for same-sex couples, "Now, you really have to put your money where your mouth is."

Responded Theresa, who also uses the last name Elder, "Absolutely."

Many other newly visible couples will likely be standing like the Elders, in lines of town clerks for civil union licenses. The full of the Vermont bill is passed into law as

expected and takes effect in September. The measure, passed in response to a state Supreme Court ruling last December that same-sex couples were being unconstitutionally discriminated against, would give them virtually all the state rights, benefits and responsibilities that heterosexual spouses have, in areas from child custody to probate law. But other states are not expected to recognize the legal status of Vermont's civil unions.

Among her lesbian friends, Ms. Elder said today, "Everyone I've talked to will be doing it" — at least five or six couples.

Not long ago, that would not have been the case. Many feminist lesbians long regarded marriage as an oppressive and patriarchal institution. Gay men long evinced little interest in marriage as well. Some had similar aversions to such an "establishment" model; some chose other battles to fight for more basic ac-

ceptance. Many gay men and lesbians also worried about sparking greater hostility from the conservative public — and success in pushing for marriage seemed so remote.

But in recent years, as public acceptance of gay and lesbian couples has grown, a national push for same-sex marriage has gained momentum, and it appears to have drawn its impetus not only from the gay rights advocates who organized it but from the most grass-roots of levels: same-sex couples deciding they wanted, and would demand, the very same status as their straight counterparts.

"What I think has happened is that over the last 10 or so years, we have seen an unprecedented increase in the visibility and identity of gay and lesbian people as families," said Paula Ettelbrick, family policy director of the National Gay and Lesbian Task Force Policy Institute. "We

Continued on Page A10

Trying Anew to Fix U.S.-India Relations

India has been gearing up for its first visit from an American president in more than two decades — a visit in which the world's largest democracy and its most powerful one will try to build an alliance that has eluded them for half a century.

President Clinton, who arrives on Sunday, had considered visiting three years ago, but the fall of two Indian governments and the nuclear tests of 1998 thwarted his timetable.

Articles, Page A6

A Calling of Faith and Art in a Russian Church

By MICHAEL WINER

PSKOV, Russia, March 17 — God moves in mysterious ways, except, maybe, in Pskov, a city that has monasteries and grand churches and religious pilgrims the way Americans have remote-control clickers and ball-read copies of People magazine. This is a town where you can stand in one square — they call it the square of seven churches — and see, you, seven churches. This sort of thing a god would appreciate.

It suggests why the Rev. Andrei Davydov was plucked out of a parish in Latvia six years ago and deposited in Pskov, in a troubled little church — a church whose front door opens onto a former radio computer factory, a church with no heat and a dirt floor, a church used in Communist times as a garage for the K.G.B.

It was a church in a jam. But Father Andrei and the church have turned out to be a holy union of: problems and solution, of labor and love, of canvas and — lastly — artist.

Every church needs a good priest. But an artist, it turned out, was what this church needed most.



The Rev. Andrei Davydov with some of the icons he has produced.

In Father Andrei, 43, intense, balding and bushy-bearded, it got both. He grew up in Moscow. His father was a philosopher and author. But from the very start, the son was an unconventionally talented painter.

"For me, it's just a part of my biography," Father Andrei said during a long conversation over was in a spare, white-walled studio next to the church. "If I were not

given a chance to paint, I would probably die."

He began painting landscapes and other common scenes as a child. As a young man, he graduated from the nation's top art institute, and worked as an illustrator of children's books. But while many artists his age honed their talents on bowls of fruit or portraits, he

Continued on Page A4

Naked Dorm? That Wasn't in the Brochure

By NEIL MACFARQUHAR

MIDDLETOWN, Conn. — Finding herself assigned to what is often dubbed The Naked Dorm came as a shock to Martha Rencher, but now she would rather not live anywhere else. It took a while, though.

"The first week of school I would have said I live in The Naked Dorm, but now it would not be the first thing I say," Miss Rencher, a Wesleyan University freshman, said recently. "But it is definitely the part that gets the most attention."

This story, about how one well-chronicled rite of passage from high school to college life went unexpectedly awry, actually started last year. Miss Rencher, along with 100

of high school seniors across the country, was eagerly awaiting a college acceptance letter. She dreamed of attending a string liberal arts college in the East.

Naturally, she was ecstatic when Wesleyan accepted her, and doubly thrilled when she was assigned to her first choice of a residence hall, a place called West College. She had been particularly drawn to West College because it advertised itself as a diverse, multicultural, politically active dormitory for men and women.

Miss Rencher thought Westco (as it is known at Wesleyan) would be a welcome change from her hometown, Pomona, Calif., an upscale

community in the Oakland hills. Just how different was quickly evident.

"On the first night we had a dorm meeting, and the resident governors said that it is a tradition of Westco that it is clothing optional," she said. "Most of the people were yelling things like, 'That is awesome!'"

But Miss Rencher doesn't recall yelling anything. Instead, she began considering everything she had read and heard about the dorm. "I was shocked, thinking 'Is this really what diverse meant?'" she said.

Now, in the interest of full disclosure, it should be noted that Westco consists of four buildings housing about 175 students, most of whom stay clothed a lot. It's not as though

Continued on Page A14

Washington and Baltimore: Sunny and chilly, high middle 47°. Tonight, clear and cold, low near 30. Tomorrow, increasing clouds, high upper 40's. Weather map appears on Page B20.

UNDER LEGAL SIEGE, GUN MAKER AGREES TO ACCEPT CURBS

INDUSTRY IS SPLINTERED

Smith & Wesson Acts to Avoid Bankruptcy in a Pact That Lifts Lawsuit Threats

By JAMES DAO

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Continued on Page A8

Lost in Hollywood: Coveted Gold Men, All Short and Bald

By RICK LYMAN

HOLLYWOOD, March 17 — The police are being asked to keep an eye out for dozens of missing bald, short men standing about 13 inches high and weighing 8 pounds each, with strangely erect posture, vaguely Cyclopic features and a tendency to make motion picture professionals gape, weep and suddenly remember their parents.

Billy Crystal had better have a pretty good alibi.

Just two weeks after the Academy of Motion Pictures Arts and Sciences was forced to reward 4,200 of this year's Oscar ballots because the first batch had been mailed by the Postal Service, the academy had to announce this morning that somebody had stolen the entire shipment of 35 gold-plated statuettes that were to be used in this year's ceremonies on March 26 at the Shrine Auditorium in Los Angeles.

"We are, as you might expect, keeping a sharp eye out for them," said Bruce Davis, the academy's executive director, at a news conference this morning at the organization's Beverly Hills headquarters.

There is no need to worry, Mr. Davis added. The academy has 30 Oscar statuettes at its headquarters and a new shipment of 35 is being

Continued on Page A20

INSIDE

Strike at Boeing Nears End

Boeing reached a tentative settlement with its engineers, ending a 31-week strike at the jet maker. The offer is still subject to ratification by the 15,000-member union in a vote tomorrow. PAGE B1

A \$99 Personal Computer

An engineer who found a way to create a simple, inexpensive device that connects personal computers to the Web in a half-priced personal computer is starting his company on a Web site. PAGE B4

San Francisco Examiner Sold

The Hearst Corporation sold the San Francisco Examiner, the newspaper that launched William Randolph Hearst on his publishing career, to the owner of two local newspapers. PAGE A1

Boston Hall and Florida Win in Final Seconds in N.C.A.A.

In two overtime games in the men's N.C.A.A. basketball tournament, Boston Hall defeated Oregon, and Florida edged Butler, with each victory coming on a last-second drive to the basket. Two favorites in the women's bracket had earlier squeaked: Connecticut defeated Memphis, 114-113, and Rutgers defeated Holy Cross, 81-76. SPORTS SATURDAY, PAGE B16

COMING ON SUNDAY



THE INVINCIBLE POOL

The poverty rate is lower than it has been in decades, but poor people still abound in the United States, and they are more concealed than ever from the wealthy. A report by James Paolone in The Times Magazine.

News Summary

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The Washington Post

FINAL

Today's Coverage on Page A1
Today's Coverage on Page A1

25¢

SATURDAY, MARCH 18, 2000

Weather
Today: Sunny, breezy, cold.
High: 43, Low: 32.
Saturday: Partly sunny, a few showers. High: 48, Low: 33.
In this: Page B10

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U.S., Gunmaker Strike a Deal

Gunmakers Angry

The gun industry strongly criticized Smith & Wesson for making its agreement with the Clinton administration.

NATION, Page A10

Gun-Control Boost

Maryland's Senate president now expects key parts of Gov. Parris Glendening's smart gun campaign to pass.

METRO, Page B5

Smith & Wesson Plans Safety, Sales Steps; Suit Threats Dropped

By EDWARD WALKER
and DAVID A. VISS
Washington Post Staff Writers

The nation's largest handgun manufacturer, Smith & Wesson Corp., agreed yesterday to accept a broad package of gun safety measures and restrictions on gun sales in return for the withdrawal of lawsuits against the firm by several cities and the federal government's dropping its own threat of legal action.

The agreement, the subject of two months of intense negotiations by the Clinton administration, hope will reshape the country's gun control debate. Smith & Wesson said it will begin within 60 days, providing external trigger locking devices with all the guns it sells. It also agreed that within three years any new handgun it develops will include "smart gun" technology that would allow only the gun owner to fire the weapon.

The agreement, the subject of two months of intense negotiations by the Clinton administration, hope will reshape the country's gun control debate.

to seize the initiative in its battle with the National Rifle Association and the NRA's allies in the Republican-controlled Congress.

It also marked the first time that a major player in the nation's gun industry has voluntarily entered into an accord with the government and accepted specific obligations and restrictions in its activities. Industry observers said it could force other manufacturers to concede they bear some responsibility for gun-related violence.

Although the agreement stipulates only that Smith & Wesson, administration officials said they hope it will serve as a model for similar arrangements with other gun manufacturers. President Clinton praised Smith & Wesson for an act of "courage and vision."

White House officials contrasted the Smith & Wesson accord with the gun control im-

See GUNS, A10, C1



Government identified when Robert E. Lee's boyhood home was bought for a residence.

New Meets Old In Alexandria, Tasteful or Not

Extravagance Perceived As a Threat to Charm

By ANN O'HANLON
Washington Post Staff Writer

High-tech millionaire Harry Hopper wanted a new kitchen in his 19th-century Old Town Alexandria home. But the plans he drew up for a 250-square-foot addition left some neighbors aghast.

The architectural style, one of them complained at a public hearing, was "winding" at best. What's more, neighbor Charles Trozoz said, the addition "would look over Duke Street like George Mason's home over regular-size people," referring to the 7-foot-7 pro basketball player.

Hopper's new wing, which the City Council eventually approved, is just one episode in an increasingly new rift that is dividing certain well-heeled residents of Old Town, where new money and old houses are proving a combustible combination.

A wave of the newly rich, flush from the current economic boom, is buying up some of Alexandria's crown jewel properties and renovating them in ways that make traditionalists blanch. The debate is not just about whether colonial courtyards can be removed from streets once trod by George Washington. It's a generational clash between the old guard and new over the character of one of the country's oldest villages.

Long-simmering tensions boiled over this month when Hopper's colleague Mark Kingston secretly bought Robert E. Lee's boyhood home, once a museum open to the public, with plans to turn it into a private residence.

The debate even has some political overtones:

See OLDTOWN, A8, C1



Ernie Fleming, a technology specialist at Sanders Corner Elementary in Loudoun, works with first, left, and Billy Orlean.

Teachers Online but Disconnected

Mary in Area Lack the Time, Training to Use Computers in Class

By LIZ SIMMONS
Washington Post Staff Writer

At Sanders Corner Elementary School in Loudoun County, the computer lab became a teaching tool almost as basic as the textbook or the blackboard.

In third-grade science class, students have learned a database to distinguish between terrestrial and aquatic animals. In fourth-grade social studies, classes explore the Web to learn about American Colonial history. In English classes in various

grades, children write stories on computers and turn them into a multimedia presentation.

But what's missing at Sanders Corner is not at all typical at Arlington Elementary School in Fairfax County. Although Arlington has plenty of computers, its teachers say they don't know enough to take full advantage of them.

Sixth-grade teacher Eric Fleming, for example, would love to convert his students' weekly worksheets into a classroom-designed Web site where parents could see

when their children had learned each day. The school's hardware and software are capable of such an effort, but he isn't. "That's all well beyond me," said Fleming, considered one of Arlington's most computer-fluent instructors. "I need someone to teach me how to do this."

Contrast the ease between Sanders Corner and Arlington—both in affluent school districts—turn up many times across the Washington suburbs, and some-

See COMPUTERS, A9, C1

Fugitive Cornered, Holding Hostages

Md. Killing Suspect Seeks Insanity Plea

By FRANCES KURKA
and RAJA MISHRA
Washington Post Staff Writers

Joseph C. Palcyrski, a Baltimore County man accused of killing four people and abducting his former girlfriend, emerged from hiding last night to take an unknown number of hostages at gunpoint at a home east of Baltimore, authorities said.

Shops were first, and police said they believed Palcyrski was heavily armed as a standoff continued early today at the home of his ex-girlfriend's mother, Lynn Whitehead.

It was not known who was in the

house with him. Police blocked roads and evacuated homes near the 7500 block of Langley Street north of Dundalk as Palcyrski spoke by telephone with hostage negotiators, demanding that he be allowed to speak with his former girlfriend, Tracy Whitehead, and his lawyer.

Geordan Tyler, a neighbor who knows the Whitehead family, said the elder Whitehead lives with her boyfriend, Andy McCord, and three children, including Tracy Whitehead's 17-year-old sister, 14-year-old brother and 10-year-old half brother.

Police said that negotiators talked intermittently with Palcyrski, starting about 9:30 p.m., and that he hung up the telephone at least once during the negotiations and gestured to officers outside from a window.

They said that he was armed with a handgun and two semiautomatic weapons and that he was holding "several" hostages.

Police said a report of a burglary—and shots fired—first brought them to the neighborhood. They said Palcyrski had broken into a home, tied up its occupants

See ASSAULT, A11, C1

Police Seek Ex-Militant In Slaying Sheriff's Deputy Killed In Atlanta Shootout

By PETER SEARBY
Washington Post Staff Writer

Police were searching Atlanta neighborhoods yesterday for Jamil Abdullah Al-Amin—better known as 1986 black militant H. Rap Brown—after he allegedly shot and killed a sheriff's deputy who tried to arrest him on a theft charge.

Al-Amin, once the angry embodiment of the black power movement, later a famous name on the FBI's Most Wanted List, fled to the night after opening fire late Thursday on two deputies who had ordered him to get out of his black Mercedes Benz, according to Atlanta police.

Police followed a trail of blood to a vacant house, but Al-Amin was not there.

Police Capt. Steven A. Deputy Ricky Kin-



Police search streets for alleged gunman Jamil Abdullah Al-Amin—better known as 1986's Most Wanted H. Rap Brown. A sheriff's deputy shot and wounded in shooting.

chen died after being shot twice, in an Atlanta hospital, surviving Deputy Atlanta English posted yesterday to a photograph of the tall, thin 56-year-old Al-Amin and named him as the man who shot him four times.

The policehouse located on the neighborhood where Al-Amin has quietly operated a grocery store for more than two decades. Nearby, residents spoke of the curfew enforced as a possible community worker and

the imam of the Community Mosque, a house of worship he founded after moving to Atlanta in the 1970s.

Two former colleagues of Al-Amin in the black radical movement spoke words of praise and caution yesterday, warning to know more before concluding that Al-Amin could have been the man with the gun.

See BROWN, A12, C1

Gore in a Bind On Campaign Finance Issue

Reform Message Clashes With Fund-Raising Race

By CEAL CONNOLLY
Washington Post Staff Writer

PHILADELPHIA—On the night he secured the Democratic presidential nomination, Vice President Gore fired off an e-mail to George W. Bush challenging the Republican to prevent an "all war onto race" by giving up unlimited "soft money" contributions.

The next day, in a hotel bathroom overlooking the Schuylkill River here, Gore took a break from the campaign trail to thank a group of trial lawyers, venture capitalists and other donors who had just fattened his bank account by \$100,000.

The juxtaposition of the two events just 15 hours apart encapsulates the quandary for Gore as he embraces the issue of campaign finance reform: He wants to reduce the corrupting influence of political money, but until that happens he will continue to lead his party's hunt for cash.

"It's sort of like arms control," Gore said recently, explaining the inherent contradiction of an ambitious politician who favors fund-raising reforms. "One side can't unilaterally disarm."

And on next week, Air Force 2 will race from New York to Houston, making stops in Cincinnati and Detroit along the way, in a hectic round of fund-raising. Through the spring, Gore and President Clinton will spruce up a \$181 million

See GORE, A6, C1

■ Bush, Gore spar in ads. | Page A5

U.S. Inconsistent When Secrets Are Loose

By WALTER FRISCH and VASSILIOS LOAS
Washington Post Staff Writers

Over the past 20 years, dozens of military and civilian employees of the U.S. government have been pardoned for leaking classified documents from work without authorization. But few of those pardons have been made public, and the possibility have been extremely inconsistent, according to current and former federal officials.

Congress, the Justice Department and

the FBI are grappling with how to address greater fairness in such cases as they review the treatment of John M. Dovich, a former CIA director who has his security clearance but was not prosecuted for keeping secrets on ordinary basis conversations.

An aide to Attorney General Janet Reno said the case deeply concerned about the appearance of consistency in the handling of Dovich and Wen Ho Lee, a former scientist at Los Alamos National Laboratory who faces trial and a possible life sentence

for unauthorized nuclear secrets in an unapproved computer and portable tapes, seven of which are missing.

A review of roughly similar cases that have come to light through interviews, administrative hearings and court records indicates that military personnel generally receive harsher punishment than civilians, even when actions have involved top secrets that are of little consequence and civilians have compromised secrets that are

See SECRETS, A6, C1

INSIDE

Tehran Vote
Today's presidential election in Tehran has repercussions far beyond the country's borders—in China, elsewhere in Asia and in the United States.
WORLD, Page A13

D.C. Sentencing
An advisory panel has proposed changes in the D.C. justice system that prisoners' advocates fear will lengthen sentences.
METRO, Page B1

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Legal Unions for Gays in Vermont

Vermonters should be proud that they are leading the way toward a society that values stable gay relationships. The Vermont House of Representatives approved landmark legislation this week that will give gays and lesbians the right to seek legal recognition of their partnerships.

Although the legislation does not allow same-sex marriage, it will permit gay and lesbian couples to form unions that carry nearly all the benefits and responsibilities of civil marriage. The State Senate is expected to approve the bill, and Gov. Howard Dean is expected to sign it. The legislation comes in response to a ruling by the Vermont Supreme Court holding that same-sex couples are entitled to the same protections under state law as heterosexual spouses.

This measure, the most sweeping in the nation, will create "civil unions" that essentially mirror civil marriages. A gay couple would be able to apply for a license and obtain a certificate of a civil union. The couple would be treated like spouses in dozens of areas of life, from filing joint state tax returns to inheriting estates to making medical decisions. A

couple that want to end a civil union would, likewise, have to go to family court to seek a dissolution similar to a divorce.

But unlike marriage for heterosexuals, civil unions are not likely to be recognized in other states, leaving Vermonters who are in civil unions without the same recognition when they travel across state lines. Indeed, some 30 states have passed laws that deny recognition to any gay marriages that might be performed in other states. Nor would Vermont's civil unions be recognized by the federal government in granting benefits that married spouses receive.

Perhaps for political purposes, Vermont legislators felt they had to create a new legal construct for gay couples to avoid calling such unions marriage. Still, the legislation, though imperfect, is a crucial step forward. It sensibly promotes the security and stability of gay families. In time, Vermont's example will show the rest of the country that same-sex unions are not a threat to traditional marriage and deserve the name of marriage as well as the law's full protection.

Predatory Loan Scams

A Minnesota paralegal realizes too late that her home equity loan was for \$13,000 more than she thought. A borrower finds out belatedly that her \$45,000 loan required not only \$90,000 of repayments over 15 years, but also a final additional payment of \$41,000. These are despicable examples of predatory subprime home equity loans — loans using the borrower's home as collateral that are made to people with blemished credit records and that impose exorbitant fees or conditions that virtually force the borrower into foreclosure.

As reported this week by Diana Henriques of The Times in cooperation with ABC News, one such lender, First Alliance Corporation, has been sued for deceptive practices by a dozen homeowners, the AARP and regulators in several states. First Alliance and some other subprime lenders are accused of preying upon naive and desperate people who could not borrow from conventional lenders. They wound up borrowing amounts they could not afford to repay at rates that were far out of line with what other subprime lenders were charging. First Alliance denies the allegations.

The courts can take care of any misrepresentation or fraud, but who should clamp down on the

lenders is a trickier question. Subprime lenders, good and bad, get their money from some of Wall Street's finest. First Alliance's money came from securities sold to investors by Lehman Brothers, and Lehman says it disclosed all relevant financial risks to these investors. But underwriters do not attest to the moral virtue of their clients.

States, however, can step in. In New York, regulators are designing rules that would outlaw some of the worst features of predatory lending. The rules set limits on some of the fees that borrowers could be charged and would require lenders to consider whether the borrower could afford to repay the loan as negotiated.

Subprime lenders, most of whom are legitimate, must charge people with blemished credit records higher than normal fees and interest rates in order to compensate for the risk. If state regulators crack down too hard they risk driving legitimate lenders out of the market, leaving needy borrowers in the lurch. But the New York proposals, if anything, are overly lenient. Many of the people in the subprime market are unsophisticated in financial matters and easy victims for sleazy sales practices. They deserve better legal protection.

Gun Industry Views Pact as Threat to Its Unity

By SHARON WALSH
Washington Post Staff Writer

NEW YORK, March 17—Gunmakers sent a blistering rebuke to Smith & Wesson today as some industry observers said the agreement between the country's largest manufacturer of handguns and the Clinton administration could force firearms manufacturers to admit they bear some responsibility for gun safety and gun crimes.

"The decision by foreign-owned handgun manufacturer, Smith & Wesson, to forge an agreement with the most anti-gun administration in history has violated a trust with their consumers and with the entire domestic firearms industry," said Robert Delfay, head of the National Shooting Sports Foundation, which represents all major gunmakers.

The heat in Delfay's response was matched only by the stunned silence of individual gun manufacturers such as Prince George's County's Beretta U.S.A. Corp. and Georgia-based Glock Inc., where officials said they knew nothing about the agreement before the announcement was made. Although the government and all of the gun companies have long been in negotiations on the same issues, Smith & Wesson had "run off and cut their own deal" in a move that "fractures the unity we had since the first lawsuit was filed in October 1998," Delfay said.

The settlement puts other gun companies in a position uncomfortably similar to that of the tobacco industry after Liggett Group Inc. agreed in 1996 that it was liable for cigarette-related illnesses and submitted to demands for strong warnings on packages, some gun industry observers said today. That move was the first chink in the armor of an industry that had been unified in refusing to admit responsibility for tobacco-related medical problems and that had never settled or lost a case.

"This creates great peril and havoc for the industry," said one attorney active in the city lawsuits. "Juries will know that this is essentially an admission by Smith & Wesson that they needed more stringent rules. It's devastating to the other companies."

By agreeing both to make guns safer with locks and to have a code of conduct for wholesalers and retailers that sell its guns, Smith & Wesson has tacitly admitted that it could have been doing more all along to prevent gun accidents and gun crimes, attorneys said.

Of particular concern to the industry is the company's agreement to more closely monitor gun distribution. In the past, the companies have said they bear no responsibility for the actions of dealers who sell guns. But some of the 29 lawsuits brought by various cities have said that gunmakers knowingly distribute guns to dealers who sell to criminals.

"It's wonderful because it breaks the ice in terms of the resistance of the gun industry," said Richard Daynard, chairman of the Tobacco Products Liability Project and a professor at Northeastern University School of Law who follows the gun lawsuits.

While Liggett was a very small tobacco company, Smith & Wesson is seen as the most powerful player in the gun industry, he said. "It's very symbolically important for Smith & Wesson to do it," he said.

One reason Smith & Wesson may have agreed to settle, industry observers said, is that Tompkins PLC of Britain, which owns the company, wants to sell it. But there are no buyers for the \$161 million company as long as it has dozens of lawsuits hanging over its head.

The gun industry has been plagued in recent years by lawsuits from cities, states and individuals. Even though gun and ammunition sales were up last year, many smaller manufacturers have been dropped by their insurers and are drowning in legal bills. Three California gun companies already have gone out of business and this settlement may bring other companies to the table, experts said.

The settlement lets Smith & Wesson out of a potential government lawsuit, but not out of city suits already filed—unless the mayors agree. It is unclear how many cities will drop Smith & Wesson from their lawsuits. But some cities, such as Chicago and Boston, have said they'll continue to sue the company.

And lawsuits already are headed to trial in New Orleans, Atlanta and Cleveland.

"The legal fees alone are enough to bankrupt the industry," said John Coale, a Washington lawyer involved in the city suits.

"The pressure is going to be on," said Daynard. "If I were general counsel of a gun company, I would

want to join the settlement quickly."

The element of the deal that was most galling to the gun industry was that much of what Smith & Wesson agreed to do is either already federal law or is being done by other gunmakers. In some cases, Smith & Wesson only agreed to do things it already had put in motion—such as providing safety locks with all of its guns.

Virtually all gunmakers now ship their guns with external safety locks, industry experts said. Beretta, for example, has been including a cable lock with each gun since 1998 and will provide locks for guns sold before that if owners request them.

Delfay said many of Smith & Wesson's concessions were on the books. In one part of the agreement, for example, Smith & Wesson said that no sales of guns would be made until the buyer passes a background check, which is federal law.

Even advocates of gun control agreed that there was little that was new or valuable in the settlement.

"The problem is, a lot of this is done already," said Josh Horowitz, director of the Firearms Litigation Clearinghouse. "As far as a real impact on making America safer, it's no big deal. . . . We will litigate this. We will go forward. And we will win," he said.

Some gun control advocates said the idea of a deadline for having personalized guns that would work only for their owners was the most valuable of the provisions, though several companies have been working on that technology for years.

Others said the agreement was really all about politics.

"There's something amiss in this whole thing," said David Tinker, editor of Firearms Business, a newsletter about the industry. "It's been politicized. They're trying to use a company to force the others to go along. . . . If this is a victory for someone, it eludes me."

Boeing, Engineers Agree on Contract

Pact Likely to End Professionals' Strike

By FRANK SWOBODA
Washington Post Staff Writer

Striking engineers and technical workers reached a tentative contract agreement with Boeing Co. yesterday, signaling a likely end to one of the longest private-sector strikes by professional workers in the nation's history.

The agreement, which still needs to be approved by members of the Society of Professional Engineering Employees in Aerospace (SPEEA), includes guaranteed wage increases for all professional and technical workers, bonuses of up to \$2,500 over the life of the three-year contract and no reduction in health insurance benefits.

The bitter strike that began 38 days ago—and was almost as much of a surprise to union leadership as it was to the company—caused major delays in aircraft delivery and pumped new life into a white-collar union that had only struck once in its 57-year history, and then for just a day.

Now, with a single strike, the union has made itself an equal at the bargaining table with the International Association of Machinists, which represents Boeing's production workers, while at the same time becoming a potential model for millions of nonunion white-collar workers who feel they've been pushed around in a world of corporate downsizing.

A ratification vote has been scheduled for tomorrow, and union leaders were optimistic the contract would be approved. The strike will continue until there is such approval.

Boeing had resisted the notion of bonuses and had refused to offer guaranteed pay raises for anyone but technical workers. The company also wanted to reduce life insur-

ance benefits from 2.25 times a worker's salary to a maximum of less than \$50,000, and to make new employees start paying more toward health insurance coverage.

SPEEA Executive Director Charles Bofferding said in a statement, "More than anything else, this extraordinary strike—the biggest strike of private sector professionals in history—has been about respect. We wanted respect for our contributions, and a better future for our family and our company."

Boeing Chairman Philip M. Condit told reporters, "No one ever gets everything they want, but the end result is a very positive agreement." If nothing else, he said, "We have a much greater understanding of the issues collectively brought together with the word respect."

He would not give the terms of the new agreement but referred questioners to the union Web site, where the terms were detailed.

Condit said the new contract meets the needs of the union and "protects the long-term competitive position of Boeing." He also called the strike "a turning point" in the

company's relationship with its professional employees and their union. He said he planned to spend time in the months ahead repairing relationships with the union and its members.

SPEEA represents 23,000 engineers and technicians at Boeing.

The walkout has forced a 50 percent reduction in Boeing commercial aircraft deliveries and hampered a variety of other company activities, from the space program to overseas aircraft repairs.

The walkout was even more surprising because it came at a time when very few unions are willing to strike. Last year there were only 19 strikes involving 1,000 or more workers, and only seven of those were in the private sector.

The pace of negotiations picked up Thursday when AFL-CIO Secretary Richard Trumka and James Dagnon, Boeing's senior vice president for personnel, joined the talks in Washington. Trumka had been coordinating the support of the AFL-CIO member unions for the Boeing strikers.

The strike may prove to be an unexpected benefit for the union, which is seeking to organize thou-

sands of nonunion engineers and technicians brought into the company through Boeing's acquisition of McDonnell Douglas.

For Boeing, the most immediate job will be to ensure delivery of the 491 commercial aircraft promised this year. Condit yesterday acknowledged that the strike had slowed down the company's aircraft delivery schedule. "The real key will be how fast we can move from here, how quickly we can make commercial aircraft deliveries," he said.

Condit said Boeing had planned to make 42 aircraft deliveries in February but was only able to deliver 27. He said the company has only

delivered three planes so far this month.

To help ensure that Boeing delivers the aircraft promised to customers this year, the company has tied bonus payments to production. Under terms of the new contract, the company will pay each professional worker a \$1,000 bonus 30 days after the contract is ratified, another \$500 after 225 airplanes are delivered and an additional \$1,000 bonus after all 491 aircraft are delivered. The deadline for delivery is March 1, 2001, but the contract specifies payments will be made if delays in deliveries are not the fault of members of the bargaining unit.

ENTER THE BIG GUNS

The feds threaten gunmakers with a huge lawsuit, and most can't afford not to talk settlement

EIGHT MONTHS AFTER COLUMBINE—AND only one day after the small Oklahoma town of Fort Gibson became the latest stage for an apple-cheeked boy to open fire on his schoolmates—the gun industry faced its biggest threat, the one that could finally force major changes in the way firearms are made and marketed.

On Tuesday, the Clinton Administration said it was preparing to file a class action on behalf of the nation's 3,191 public-housing authorities. Twenty-nine cities and counties have already filed suits against the manufacturers since October of last year,

if there's no a settlement, the feds will be asking for compensation. The public-housing authorities spend about \$1 billion a year trying to keep their 3.3 million residents safe from gun violence, according to the Department of Housing and Urban Development. The department hasn't decided how much to ask for in damages, but the number would be hefty—and added to what the 29 cities and counties are seeking in their lawsuits, the gunmakers face potential exposure running into the billions. Their pockets are not really as deep as those of the tobacco industry, which has faced a similar

siege, and many of their insurers have said they won't pay to defend the lawsuits.

The attack on the gunmakers, is patterned closely on the tobacco campaign and even involves some of the same lawyers. But the federal role is different this time. When the government finally sued the tobacco companies last September, it was more than a year after the states had concluded a far-reach-

What Governments Want Gunmakers to Do

- **BUILD SAFETY LOCKS** into guns as a component, not an optional extra
- **DEVELOP "SMART" GUNS** that only owners can fire
- **CUT OFF GUN SHOWS** by refusing to deal with distributors who sell at the shows
- **WRITE NEW CONTRACTS** with dealers that require them to sell only one gun a month per buyer
- **REFUSE TO SUPPLY** dealers who sell a disproportionate number of guns that authorities have linked to crimes
- **CHANGE ADVERTISING** so that it appeals less to criminals



DAVID GREENHAWK/USA WORLD CORP. STOK

NOT AGAIN: Seth Trickey, 13, is accused of wounding four

seeking to recover the public costs of gun violence, force the design of safer firearms, and restrict the flow of guns to illegitimate buyers. As the suits have made their way through the courts, the industry and plaintiffs have held sporadic settlement talks, to little effect. But that could change dramatically with the arrival of the feds, who will throw their weight behind the plaintiffs' demands. The plaintiffs want gunmakers to distribute only to dealers who won't sell at gun shows, to require that dealers sell only one gun a month per buyer, to cut off those who sell a disproportionate number of guns linked to crimes, and to make the industry develop "smart" guns that only their owners can use.

The feds and the plaintiffs say they're not after big money, not yet anyway. And that's one reason the gunmakers might yield:

ing settlement with the industry. This time the feds are jumping in when they can make a difference, even after a year when Congress did nothing to further gun control. Some manufacturers, like Glock, said last week they would consider meeting with the Clinton Administration, while others—notably Sturm, Reger & Co., the largest gunmaker—indicated they plan to fight it out.

In any case, the lawsuits have caused a rift between some gunmakers and the National Rifle Association, which cares more about the principles involved than the economics. Gunmakers point out that they are the ones being sued, not the N.R.A. Says Robert Delfay, head of the manufacturers' trade group: "If the day comes when we have to do something the N.R.A. doesn't approve of, we'll tell them and so be it." —By Viveca Novak/Washington

...ett, Rachel's 16-year-old ... was kneeling next to Isaiah ... Matt Kechter when they were ... path in the library, has had the ... time. Though he has on occasion ... spoken to groups with Darrell, he refuses to ... return to Columbine High and is being ... schooled by a county home-tutoring ... program. "Some days he can't get out of bed," ... says his mother Beth.

It was Craig who first identified Cassie Bernal as the girl in the library who said she believed in God just before she was shot. When police later took Craig back to the library, he pointed forward, to the place where he had heard the question asked. His face turned ashen when he realized that Cassie had been sitting at a table behind him. One policeman said he thought Craig was going to vomit. The girl who actually said the words Craig heard, according to witnesses interviewed by police, was Valeen Schnurr.

Members of the Scott family say every atom of their lives has been rearranged since Columbine. "Things I did before, like shopping or going to movies or eating out, seem frivolous now," says Bethanee. Beth says, "Things don't mean much anymore. They bring no joy or comfort. It's only people now. And even my friends have changed." Darrell spends hours at Rachel's grave when he is not on the road, indulging in the tears he can't afford to shed on the podium. "The biggest thing I do for him is just listen to him cry and talk about her," says friend Wayne Worthy of Springfield, Mo., who helps with the new ministry.

Darrell is also pushing ahead with his vision of a large youth ministry based on his daughter's life and journals. He has become a prominent advocate of reinstating prayer in schools. He has stepped up his fund raising—he earns about \$1,500 for the ministry each time he speaks—and in December brought out the first issue of a magazine called *Rachel's Journal*. He wants to build a combined Columbine memorial and Christian youth center that would focus on teaching and training young people from around the country. And he wants to build a 200-ft.-high cross somewhere in the area.

The big question is whether the Columbine tragedy has spiritual legs. "We all realize that at some point the Columbine story is not going to be as strong as it was," says Pastor Billy Epperhart of Littleton, a close friend of the Scotts'. "There has to be something that is bigger than Columbine. The question is, What does it look like for Darrell's life?" Right now it just looks busy: he has speaking engagements booked through the end of the year 2000. —With reporting by Timothy Roche/Littleton



You don't have to have discipline to just attack somebody and misrepresent what they're doing. There's a point where it backfires. It's not going to work.

NATION

Gore in Your Face

Bradley finds it hard to stay high-minded in a week of cheap shots, missteps and an irregular heartbeat.

By ERIC POOLEY

IF BILL BRADLEY EVER REALLY BELIEVED that running for President in 1999 could be a virtuous, high-minded mission—a journey to “a world of new possibilities, guided by goodness,” as he likes to say—last week should have rid him of the notion once and for all. Bradley spent the week fending off cheap shots (and effective politics) from Al Gore, his rival for the Democratic nomination, and spending big in

New Hampshire to keep his poll numbers from slipping. And despite Gore's onslaught, by week's end it was Bradley's campaign—that bastion of honor—that had been forced to apologize for a shrill attack pamphlet it had distributed in New Hampshire. While Bradley's advisers in New Jersey were dealing with that little fiasco and wondering how they had managed to cede Gore the moral high ground, the candidate called them from California with sobering news. Bradley had to cut short a

campaign swing and check into a hospital for treatment of atrial fibrillation (see box). His irregular heartbeat corrected itself at the hospital, sparing him the mild electric shock called cardioversion that would have been used to return it to normal. And so the candidate held a Saturday press conference in an attempt to put questions to rest. “This is just a nuisance, quite frankly,” he said. “My energy level is more than adequate. The schedule is not a problem. This will have no effect whatsoever. There's absolutely nothing to be concerned about.” Then he flew to Florida to hit the trail again. Bradley's condition is common—President Bush dealt with it while in office—

PHOTO BY AP/WIDEWORLD

Moving Fast on Patient Safety

The Institute of Medicine reported last week that between about 50,000 and 100,000 patients die in hospitals each year because of medical mistakes. President Clinton responded yesterday by embracing the report and ordering his administration to take immediate action. For Washington, that is a remarkably rapid turnabout.

The institute estimated that perhaps 3 percent of hospital patients suffered injuries from treatment. About half are preventable. The problem, the report said, is not individual carelessness as much as faulty systems that fail to catch mistakes — such as administering the wrong dose of drugs — before they injure patients.

Mr. Clinton instructed a task force to report within 60 days on steps to improve patient safety. He directed federal agencies to come up with remedies in time for his next budget address. By presidential order, he instructed the agency that oversees health plans for federal employees to require that those plans develop systems for cutting down errors. It is expected that improvements in plans that cover nine million federal employees and their families will spread to other patients.

The institute report itself contains useful suggestions. It calls for a federal center for patient

safety to distribute information about preventing errors, as well as mandatory reporting of serious injuries and voluntary confidential reporting of less serious errors. Confidentiality, it argued, is needed to discourage doctors from hiding mistakes to save themselves professional or financial ruin.

Meanwhile, Senator Edward Kennedy of Massachusetts announced that he would introduce a bill that would put the institute's proposals into effect and require hospitals to adopt error-preventing systems or else risk losing Medicare and Medicaid patients. That would cover most hospitals in the country.

The institute's frightening statistics were known to health experts long before last week. Yet no one has figured out how to get hospitals and physicians to do better. Employers say they cannot make intelligent choices among health plans because data on the quality of these plans are unreliable. The health plans say they cannot undertake the huge cost of producing reliable data because employers do not act on them.

Even adopting the institute's recommendations in full will not completely solve this chicken-and-egg problem. But the proposals should produce better information and at the same time protect patients.

New Pressure on Gun Makers

The Clinton administration yesterday threatened a lawsuit against gun manufacturers on behalf of the three million people who live in public housing projects long plagued by gun violence. The threat followed last week's ruling by an Illinois state judge that an innovative private lawsuit against gun manufacturers could proceed, despite heavy industry pressure to kill it.

Taken together, these actions provided a positive counterpoint to yet another school shooting episode, this one in Gibson, Okla., where a seventh grader wounded four schoolmates on Monday. The attack, in which no one was killed, reaffirmed the grim fact that there are too many weapons floating around American society — one for nearly every man, woman and child — and that these weapons are all too accessible to the wrong people.

There was hope last spring that Congress would react to the massacre at Columbine High School in Colorado by approving measures aimed at keeping weapons out of the wrong hands. But Republican leaders, unwilling to buck the National Rifle Association and its sizable political donations, made sure that Congress adjourned without doing anything on gun control — creating a big issue for debate in the

coming presidential and Congressional campaigns.

However, there is now reason to believe that pending public and private litigation against the gun industry may succeed in wresting from gun makers at least some of the reforms that Congress has refused to entertain, much less pass. The central argument in the Illinois suit is that the firearms industry has created a public nuisance by negligently distributing its products. That argument makes it similar to cases brought by Chicago and other cities.

The latest ruling is not a binding precedent in any other suit. But according to David Kairys, a Temple University Law School professor, this and other recent rulings signify that the courts are not going to follow Congress's lead in exempting the gun industry from the rules of civil responsibility that apply to other consumer products.

Thus pressure is growing on gun makers to negotiate a settlement that includes steps like personalizing guns so only their rightful owner can fire them, reforming gun distribution practices and barring handgun sales at gun shows and on the Internet. That is a prospect that Americans anxious to prevent more school shootings can only applaud.

The Washington Post

WEDNESDAY, DECEMBER 8, 1999

Weather
 Today: Sunny, mild
 High: 54, Low: 37
 Thursday: Mostly sunny
 High: 54, Low: 37
 Details: Page A6
 17900 Year No. 1

Methods Faulted in Fatal Gene Therapy

Teen Was Too Sick For Experimentation, Federal Probe Finds

By RICK WEISS and DEBORAH NELSON
 Washington Post Staff Writers

Federal investigators have uncovered serious problems in the gene therapy experiment that killed a Tucson teenager in September, including new evidence that the young man should not have been allowed into the risky study because he was too sick at the time.

Jesse Gelsinger's liver was not functioning at the minimal level that regulators had required for inclusion in the study when University of Pennsylvania researchers infused trillions of genetically engineered viruses into the 18-year-old. Food and Drug Administration officials said.

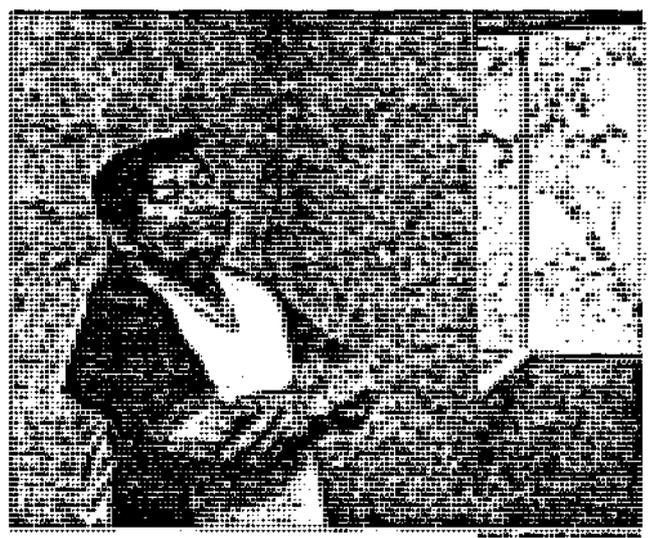
Moreover, officials said, the researchers failed to notify the agency when two earlier volunteers in the experiment suffered side effects so severe that the study should have been put on immediate hold, according to rules established in advance by the scientists and the FDA.

The Penn researchers also did not tell federal regulators about the results of some crucial animal experiments that might have influenced the agency's judgment of the study's safety, officials said. Nor did the researchers tell the FDA about a key change in wording on the study's patient consent form, which ultimately left volunteers in the dark about the deaths of four monkeys that had undergone a similar treatment.

The new information is the first to emerge from an ongoing federal investigation into Gelsinger's death and raises fresh questions about the conduct of the scientists involved. It stands in stark contrast to a public statement released last week by the Penn team that attributed Gelsinger's death to the gene therapy but claimed that no "human error" had contributed to his demise.

More broadly, the discovery of so many apparent lapses at one of

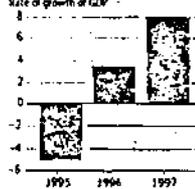
PROSPERITY'S SHADOW | Latin America's New Poor



A visit to the apartment he once occupied in a comfortable workers' village moves Horacio Hinojosa to tears.

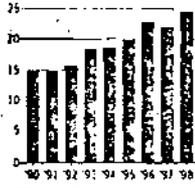
Argentina's Lost World

Argentina's economy has been healthy...



...but the income gap is widening.

In 1990, the richest 10% of the population earned 15 times as much as the poorest 10%. In 1998 that gap had grown to 24.8.



SOURCE: World Bank, Economic Commission for Latin America and the Caribbean

Rush Into the New Global Economy Leaves the Working Class Behind

By ANTHONY FAJOLA
 Washington Post Foreign Service

MUEVE DE OCTUBRE. Argentina—Horacio Hinojosa crossed a raised tennis court, starting a stray horse grazing on tufts of wild grass pushing through cracks in the red pavement. Underfoot, he walked on through this deserted town where he had once flourished, pausing at an abandoned movie theater to pull at the branches creeping up the walls.

"I took my wife to see Planet of the Apes here once," he said, and recalled a scene of desolation from the movie. "Remember all the buildings covered in vines and weeds? Well, you see we lost our world, too."

memories," read one scroll in heavy black paint. Hinojosa nodded, then climbed the metal staircase of a nearby apartment building, where his family used to live.

It was inside the apartment, after teaching his mold-covered pink walls and wandering the floors covered in rancid droppings, that the portly, 46-year-old former truck driver began to cry.

"We had a cake for my son's first birthday on this spot," he said, weeping. "And over there, we used to move the Argentine to one side and put on music for dancing."

The music stopped in 1992. That was when this workers' village, 35 miles east of San Salvador de Jujuy in far northern Argentina, was shut down by the new private owners of Aceros Zapla, the formerly state-run steel and mining

See LATIN A29, Col. 1

U.S. Plans Revolution in Gun Lawsuits

'Pressure Focuses on Sales, Safety'

By CHARLES BABINGTON
 Washington Post Staff Writer

The Clinton administration plans for the first time to intervene in litigation against the gun industry, a move to pressure manufacturers to help keep guns out of the hands of criminals and to reduce accidental shootings, officials said yesterday.

The decision could dramatically strengthen the hand of numerous cities that have sued or threatened to sue firearms manufacturers, seeking redress for the public costs of gun violence. Federal officials will begin pressing the manufacturers to settle those lawsuits by making a variety of concessions, such as preventing "straw purchasers" from buying large quantities of firearms—a popular method for convicted felons to obtain new guns.

If the gunmakers don't agree, the administration says it is ready with a powerful weapon similar to one it is using against the tobacco in-

dustry: a massive lawsuit on behalf of the nation's 3.191 public housing authorities and their 3.25 million residents.

"If we cannot come up with a satisfactory resolution" through negotiations, HUD would bring a class action suit on behalf of public housing authorities. Housing and Urban Development Secretary Andrew M. Cuomo said in an interview yesterday. "I think it's a clear signal to the manufacturers that enough is enough. The status quo is unacceptable."

To some degree, the threatened litigation could allow the Clinton administration to use the courts to achieve gun control measures that have failed in Congress. The architects of the current wave of litigation against gun manufacturers are openly seeking quasi-legislative remedies: They want gunmakers to agree to distribute their products only to dealers who will not sell at gun shows, not to sell an individual

See GUNS, A18, Col. 1



At JPL, flight operations chief Sam Thornhill, left, and project manager Richard Cook listen in vain for contact with Polar Lander.

NASA Reassessing Planetary Program

Mars Loss Termed 'Wake-Up Call'

By KATHY SUTER
 Washington Post Staff Writer

PASADENA, Calif., Dec. 7—The devastating loss of an entire generation of U.S. Mars missions has triggered a total reassessment of NASA's approach to interplanetary exploration, officials said today.

"The whole program is on the table for restructuring," space agency administrator Daniel S. Goldin said in an interview early today, adding that "there's a chance we may miss" or at least drastically change the next mission to the pipeline, slated for launch in 2001.

Missing and presumed dead are the entire \$360 million suite of robots, including the Mars Polar Lander, that were to have constituted the second wave of

planned long-term research on the Red Planet.

A number of experts in and out of NASA said the failures confirm growing fears that the program has pushed the space agency's "laxer, cheaper, better" approach a bit too far, cutting costs—and therefore numbers of people—too close to the bone. Some suggest the changes were pushed through too fast for institutions involved to adapt adequately.

Where the Jet Propulsion Laboratory (JPL), which manages missions for NASA, once handled one or two huge programs that went on for a decade or more, it now spreads its staff across 10 or 20 much smaller programs that must be dis-

See MARS, A8, Col. 1

'Pay-to-Surf': A Pyramid Marketing Ploy Clicks

By ARIANA EUNJUNG CHA and LESLIE WALKER
 Washington Post Staff Writers

In April, Ron Streeter discovered a company that would pay him just for surfing around and looking at ads on the World Wide Web. It was a pittance, really—50 cents an hour—but then he learned that if he signed up his brother Tony, or anyone else, the company would pay Streeter a 10-cent commission for each hour they spent online.

And for each person his brother referred—and for each of their friends and even their friends'

friends—Streeter would collect another nickel per hour.

The group Streeter initiated into AllAdvantage.com now numbers more than 10,000 people. His reward? He got a monthly commission check for \$2,044.43 in the mail the other day.

Streeter and millions of others are cashing in on the latest Internet marketing craze. AllAdvantage and dozens of other companies are rushing to build big audiences by handing out cash to anyone willing to let advertisers track their Web surfing and send them ads tailored to their habits.

"It takes no investment except one's own time,

and you make money even if you don't work at it," said Streeter, 44, a Syracuse, N.Y., graphic artist. "It's really the gold rush of the '90s for the average person, if you know what you're doing."

The pay-to-surf companies essentially pass on to users a portion of their revenue from selling ads. The theory is that cash payments will not only attract more "eyeballs" but also let the companies raise ad rates because surfers will respond more frequently to ads that interest them. But analysts are divided over whether the scheme is born of in-

See WEB, A20, Col. 1

INSIDE

Suit for 'Truth'

The trial is nearing a close in a lawsuit brought by the family of Maria Luther King Jr. against a former Memphis cafe owner who boasted in recent years that he conspired to kill the civil rights leader in 1968.

NATION, Page A2

Bonus Plan Fails

D.C. Council members rejected Mayor Anthony A. Williams' plan to pay worker bonuses with money from the District's tobacco settlement. Members endorsed the bonuses but said the money must come from the budget.

METRO, Page B1

Albright Hopeful

After a three-hour meeting with Syrian leader Hafez Assad, Secretary of State Madeleine K. Albright said she was "much more hopeful" about reviving peace talks between Israel and Syria.

WORLD, Page A25

A Nice Twist

The twisted history of neckties, the science of sticky stuff, the origin of the musical scale and the inside story on time capsules.

NORLON, behind Food



For Foster Children, a Long Way Home

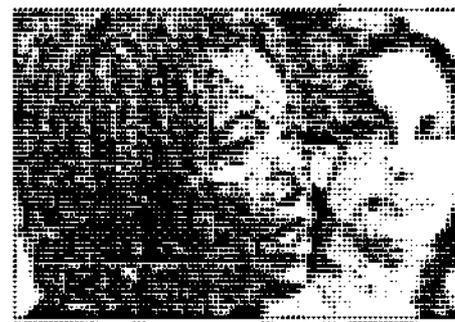
With Need Increasing, Area's Recruiters Struggle to Find Temporary Parents

By SARA HOEVRZ
 Washington Post Staff Writer

Paulette Saunders is asking people to do something very hard: take children they don't know—children who may be hard to handle or physically ill—into their homes and care for them as their own. And they must do it knowing that at some point they will have to say goodbye.

Saunders, a foster care recruiter with For Love of Children, is making her pitch on a Sunday afternoon in the basement of New Bethel Baptist Church, an 800-member congregation in Northwest Washington's Shaw neighborhood. Only nine people have stayed after services to hear her out.

Few eyes are dry when Saunders finishes her passionate speech. Yet only three people sign up even to hear more about being a foster parent—just the first step in a long process before a child is placed in a foster home. For Saunders, the response is disappoint-



Paulette Saunders speaks with members of New Bethel Baptist Church as part of her search for potential foster parents in the District.

ing. But she's getting used to it. The number of foster children in the District (now 3,334) and across the nation (about 530,000) is rising rapidly, even as fewer and fewer adults show a willingness to

take such children into their homes. As of this week, 1,034 families are home to D.C. foster kids. Today, Mayor Anthony A. Williams (D) plans to announce a year-long, high-visibility cam-

pany to persuade more District residents to become foster parents. The mayor is expected to tell the tale of his own upbringing as a foster child, hoping to inspire others to recognize the rewards involved in foster care and adoption.

In addition to the growing gap between available children and willing foster parents, the mayor and recruiters such as Saunders face another challenge: The District's child welfare system has long been notorious for poor administration, neglect and other problems that make foster parents' work more difficult.

Recently, nearly 100 parents threatened to return their foster children because the D.C. Child and Family Services Agency was several months and millions of dollars behind in payments to parents and day-care providers. The problem is exacerbated by the fact that District foster children stay in the system more than twice as long as the national average.

See PARENTS, A9, Col. 1

U.S. Plans Role In Gun Lawsuits

Pressure Focuses on Sales, Safety

By CHARLES BABINGTON
Washington Post Staff Writer **AI**

The Clinton administration plans for the first time to intervene in litigation against the gun industry, a move to pressure manufacturers to help keep guns out of the hands of criminals and to reduce accidental shootings, officials said yesterday.

The decision could dramatically strengthen the hand of numerous cities that have sued or threatened to sue firearms manufacturers, seeking redress for the public costs of gun violence. Federal officials will begin pressing the manufacturers to settle those lawsuits by making a variety of concessions, such as preventing "straw purchasers" from buying large quantities of firearms—a popular method for convicted felons to obtain new guns.

If the gunmakers don't agree, the administration says it is ready with a powerful weapon similar to one it is using against the tobacco industry: a massive lawsuit on behalf of the nation's 3.191 public housing authorities and their 3.25 million residents.

"If we cannot come up with a satisfactory resolution" through negotiations, "HUD would bring a class action suit on behalf of public housing authorities," Housing and Urban Development Secretary Andrew M. Cuomo said in an interview yesterday. "I think it's a clear signal to the manufacturers that enough is enough. The status quo is unacceptable."

To some degree, the threatened litigation could allow the Clinton administration to use the courts to achieve gun control measures that have failed in Congress. The architects of the current wave of litigation against gun manufacturers are openly seeking quasi-legislative remedies: They want gunmakers to agree to distribute their products only to dealers who will not sell at gun shows; not to sell an individual

more than one gun at a time; not to sell more than one gun a month to a buyer; and to cut off any dealers who have a disproportionate number of guns traced to crimes.

Other concessions being sought include manufacturers including safety locks on new guns; mechanisms that keep a gun from firing when the magazine is removed; and technology that personalizes guns so that only the owners may fire them.

Gun ownership advocates say there already are plenty of laws on the books, including bans on gun sales to minors and convicted felons, and further litigation is unnecessary and unfair.

"The federal government licenses people to make and sell guns," said James P. Dorr, an attorney for several gun companies. "These are products that are regulated by the government. To sue someone they have authorized to sell those products has no basis in the law."

However, some manufacturers have been involved in periodic, so far unsuccessful negotiations to settle such lawsuits out of court.

Lawyers for the cities say several courts have ruled that makers of "inherently dangerous products," such as guns, can't ignore what hap-

pens once the products leave their plants and go to retailers.

"Because the industry and manufacturers take no action to curb irresponsible sales by retailers, you have a situation by which the distribution system itself aids and abets criminal conduct," said Dennis Henigan, legal director for the Center to Prevent Handgun Violence, a party in the ongoing negotiations with manufacturers.

The federal government is basing its intervention on its association with the nation's public housing authorities, some of which are directly controlled by HUD. Cuomo said public housing residents suffer disproportionately from handgun violence, and "our primary motivation is to stop the harm, stop the pain and suffering. We would be looking for design changes that would make guns safer. . . . We want the manufacturers to stop dealing with gun agents who are known to be selling guns used in crimes."

Pressure on the gun manufacturers has been mounting in recent weeks on various fronts. Last week in New York, the gun companies asked that a lawsuit filed against them by the NAACP be stayed until there is a decision on whether to overturn what is known as the Hamilton case. Hamilton is the landmark case in which a jury held

some gun companies responsible for negligent marketing. The judge denied the stay. In addition, many insurers of gun companies have notified their clients that they will not pay for their legal defense.

"The administration's intervention in the cities' cases will quicken the pace for settlement," said Josh Horwitz, director of the Firearms Litigation Clearinghouse, which is supporting the lawsuits against the companies.

While Attorney General Janet Reno has been an outspoken advocate of tougher federal gun laws, a Justice Department official said yesterday that department officials have not been involved in discussions regarding a possible lawsuit by the housing authorities against gun manufacturers. Even though senior HUD officials are convinced that the housing authorities across the country have a viable legal case, they are being encouraged to continue their negotiations with gun manufacturers because "a comprehensive negotiated settlement would be far superior to any protracted litigation," a Justice official said.

Staff writers Sharon Walsh and David A. Vise contributed to this report.

IN THE LOOP

Al Kamien

Lockhart: Don't Press It

It is truly the season for magnanimous gestures—or maybe huge mistakes—as invitations to events get rushed out in the mails. But **John Whitehead**, head of the conservative Rutherford Institute, which bankrolled **Paula Jones's** suit against **President Clinton**, insists his Christmas party invite to White House press secretary **Joe Lockhart** was no mistake.

"It was intentional," Whitehead said yesterday. "Christmas is not a political thing. Anybody who could bring a toy was invited" to an open house Saturday at his home. If Lockhart shows up with a toy, new and unwrapped for needy kids, Whitehead said, "that would be great."

So Lockhart's going? No, said deputy press secretary **Jake Siewert**. "Even the holiday spirit has limits."

Whitehead, Loop fans may recall, stepped in after Jones's lawyers pulled out. Rutherford put up \$430,000 to keep the lawsuit going, which is how Clinton eventually ended up at his famous deposition. Were it not for that funding, Whitehead notes, "you'd never have heard of **Monica Lewinsky**."

Grateful reporters—it's impossible to overstate our indebtedness—might want to send two toys.

Rejecting a Subscription to Forbes

On the other hand, some invites must be mistakes—or at least wishful thinking. Take one that a Mr. **Edward P. Romaine** of Center Moriches, N.Y., got recently for a fund-raiser this week for Rep. **Michael P. Forbes** (N.Y.).

Forbes, until recently a Republican, is running for reelection as a Democrat. "I am writing today," Forbes said in his letter to Romaine, "because you have been supportive of my reelection efforts in the past. Now, more than ever, I need your help."

"Dear Mike," Romaine wrote back. "I just received your letter inviting me to attend your next fund-raiser. . . . Since I likely will be your opponent next year, I'll pass on the invitation and its offer to be a patron for \$1,000." He wrote on his "Romaine for Congress" letterhead.

Even the holiday spirit has limits.

They Finally Cleaned Out Envoy's House

Good news on the diplomatic front. Ambassador to Great Britain **Phil Lader** is finally getting to move into glorious Winfield House. Seems there was an asbestos problem in the 30,000-square-foot mansion and the Laders have been in other digs since arriving in London two years ago. They recently had a reception for a couple thousand of their closest friends to celebrate. At least they'll have a year in the splendid home.

Board Surmounts Hill in the Road

Sen. **Frank R. Lautenberg** (D-N.J.) has

weighed in to try to resolve a particularly nasty turf war that has virtually paralyzed the Chemical Safety and Hazard Investigation Board.

The basic issue, as noted last month on this page, is the authority of chairman **Paul Hill Jr.** versus that of the other members on the five-member board.

Hill says he hires the personnel and takes care of the budget, effectively cutting other board members out of the key decisions.

Supporters of the two-year-old organization appealed to Lautenberg, the drafter of the legislation creating the board, to provide "immediate adult supervision."

Lautenberg sided with the board members on several points, including the board's authority to approve the budget request to Congress, the use of distribution of funds and the approval of key appointments.

Stay tuned . . .

Marshall's Back on the Beat

Administration moves. . . . Case Western Reserve law school professor **William P. Marshall**, who had been in the White House counsel's office in 1997 until August 1998, is back in once more. He left the law school once again to be deputy counsel, replacing **Cheryl Mills**, who went to work for a women's media group.

Mark Medish, Treasury's deputy assistant secretary for Eurasia and the Middle East for nearly three years, is moving to the White House. Medish, protégé of Secretary **Larry Summers**—but Summers' mentor on the tennis courts—is joining the National Security Council as senior director for Russian, Ukrainian and Eurasian Affairs.

Cheryl Shavers, who had been a senior executive with Intel in Silicon Valley, is now undersecretary of commerce for technology. **Steven Jacques**, who had been director of communications at the State Department, is in charge of public affairs matters at the Commerce Department's technology administration. **Margie Sullivan**, a former chief of staff to three Cabinet members—Defense Secretary **William J. Perry**, U.S. Trade Representative **Charlene Barshefsky** and Housing and Urban Development Secretary **Andrew Cuomo**—and more recently in Los Angeles as a HUD regional director, is going back to the Pentagon, sort of, running an e-commerce company called Pentagon Inc. She's the chief operating officer of the 20-person business, which is soon to go public, so be nice.

On the Hill, Sen. **Max Baucus** (D-Mont.) has tapped **Jeffrey Forbes**, who had been in the White House legislative affairs office and earlier worked at the Democratic National Committee, to be his chief of staff, replacing **Christine Niedermeier**, who left amid chatter about harassment, an allegation Baucus categorically denied.

White House and Gun Industry May Discover Some Talking Points to Reach Deal on Lawsuit

By PAUL M. BARRETT
AND VANESSA O'CONNELL

Staff Reporters of THE WALL STREET JOURNAL
Just what might a settlement of the gun lawsuits look like?

The White House jolted the firearm controversy last week by threatening to add its own class-action suit to legal actions by 28 municipalities against gun companies. The surprising thing about the gun-foe wish list is that it contains a number of demands that industry officials concede they would be willing to agree to. Other proposals, however, have sparked ferocious industry opposition.

While many gun executives condemn the new White House threat to sue on behalf of violence-ridden public housing projects, others tentatively welcome the administration joining nascent settlement talks.

That is because they see President Clinton and federal officials as more likely than antigun activists to cut a deal. Housing Secretary Andrew Cuomo has invited municipal officials to a strategy session in Washington tomorrow but insisted that outside attorneys be excluded.

"If they are doing it in earnest, maybe it will be good in the long run," says John Rigas, a partner in the New York investment group that owns Colt's Manufacturing Co.

No one is predicting an imminent truce—and the National Rifle Association remains a powerful roadblock. But here are some of the negotiating points and the odds on compromise:

• Fingerprint Resistance

In demanding that gun companies stop marketing to potential criminals, President Clinton last week highlighted one gun manufacturer's advertising its wares as resisting fingerprints. "You don't have to be all broke out with brilliance to figure out what the message is there," Mr. Clinton said at a news conference.

Major gun manufacturers say they could easily promise not to run such ads, which, in fact, aren't common. "I would suspect everybody would agree not to market to criminals, because I don't know anybody who does right now," says Paul Jannuzzo, vice president of the U.S. unit of Austria's Glock GmbH. (Navegar Inc., a Miami manufacturer, says that its fingerprint ads were a misunderstood reference to a coating that protected against gun rust; in any event, the company says it dropped the ads years ago.)

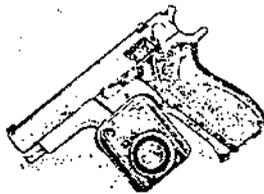
A related demand that manufacturers are prepared to grant is making it tougher to obliterate serial numbers that are used to trace guns linked to crime. Indeed, the industry is already working on this issue with the Bureau of Alcohol, Tobacco and Firearms, executives say.

• Policing Dealers

President Clinton echoed the suing municipalities in demanding that manufac-

Gun-Foe Wish List

Demands being made of the firearm industry:



COMPROMISE POSSIBLE

- ▶ Mandate trigger locks
- ▶ Ban 'fingerprint-resistant' ads
- ▶ Regulate all gun-show-sales

HARDER TO RESOLVE

- ▶ Limit buyers to one gun a month
- ▶ Cut off dealers based on gun-crime statistics
- ▶ Empower 'monitor' to police industry

turers take steps to bar their guns from being sold by shady retail dealers. He cited a study concluding that only 1% of federally licensed gun shops sell 50% of the guns linked to crime and traced by the ATF.

Firearm executives say they would discuss bad-apple dealers, but only if the ATF takes the initiative and provides a list of such retailers—information the agency, surprisingly, now doesn't offer. Some executives, such as Robert Morrison, executive vice president at the Brazilian handgun maker Forjas Taurus SA, say that statistics wouldn't be enough; they would cut off only those dealers whose licenses the ATF revoked. "You tell me someone loses his license for illegal sales, of course I'll stop selling to him," says James Garrison, head of H&R 1871 Inc., a Gardner, Mass., gun manufacturer.

The so-called gun-show loophole—a gap in the law that allows unlicensed sellers to operate at loosely run shows and flea markets—presents a potentially less thorny problem. A number of major manufacturers already require that their products be sold only by licensed dealers; most companies would support the further mandate that all sellers at guns shows have licenses and perform buyer background checks.

• One-Gun-A-Month

This gun-foe favorite is a potential deal breaker because it cuts immediately into sales volume. Firearm company executives vow never to agree to a national requirement that consumers may purchase just a single handgun each month—a curb that is already in place in four states: California, Maryland, South Carolina and Virginia. The executives argue that one-a-month would slide down the "slippery slope" toward more stringent restrictions.

• Multiple Sales

There is more give in the industry on the notion of preventing buyers from leaving the store with more than one gun on the day of purchase. Gun foes maintain that the industry could slow "straw purchasers"—people with clean records who shop for criminals—by banning multiple sales.

A counteroffer that has at least some industry support is that buyers be allowed to

make multiple purchases but, after the usual background check, leave the store with only one gun. The remaining weapons could be collected 48 or 72 hours later. In the interim, the dealer would alert the ATF to the transaction, giving the authorities time to check whether the buyer has made suspicious purchases in the past. "I would say 50% [in the industry] agree with me" on this compromise, says Mr. Jannuzzo of Glock, who has promoted the idea.

But on this issue—as on many other settlement proposals—the National Rifle Association has already indicated its disapproval. The NRA's chief lobbyist, James Baker, has warned the gun industry that compromising will inhibit the gun owners' rights to which his group is primarily dedicated. Gun companies often listen to the NRA, at least partly because the organization has influence with many gun consumers.

• Safer Guns

The call for trigger locks to thwart curious or suicidal children is almost certain to yield compromise. More than 90% of handgun manufacturers say they are already shipping their weapons with some sort of lock.

But mandating high-tech "smart gun" safety devices—that allow only authorized users to fire—will encounter powerful resistance from some gun makers, such as Sturm, Ruger & Co., Southport, Conn., the nation's largest. The middle ground could be an agreement that the industry as a whole will step up research and development—hardly a concession for Swiss-owned pistol maker SIG Swiss Industrial Co. Holding Ltd., which says it will put a smart gun on the market next month, or for Colt's or Smith & Wesson Corp., a unit of Britain's Tomkins PLC, which have done considerable work on their own variations of "personalized" pistols.

• Industry Monitor

New York state's attorney general, Eliot Spitzer, has proposed that gun companies submit to the supervision of an independent "monitor" with authority to enforce marketing and design curbs. The New York official hasn't sued the industry but has gained considerable influence by threatening to make his state the first to go to court.

Internet-Tax Debate Escalates Ahead of Meeting

By JOHN SIMONS

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON — The battle over whether and how to impose taxes on sales made over the Internet is expected to reach fever pitch this week as a congressional commission meets in San Francisco to debate recommendations.

The Internet-tax debate heated up late Friday after the Clinton administration came out against the position of the commission's chairman, Republican Gov. James Gilmore of Virginia, who favors keeping the Internet tax-free. A senior White House official, who requested anonymity, said Mr. Gilmore's position "violates the principle of tax neutrality and raises troubling questions about its implications." The official also said a tax-free Internet would "exacerbate the digital divide, requiring the less fortunate to subsidize the tax advantage of computer owners."

The Advisory Commission on Electronic Commerce, tapped by Congress to devise Internet-taxation policy, isn't any closer to reaching a final agreement on the thorny question of Internet taxes than it was when it first met in June.

The 19-member panel, made up of an equal number of state and local representatives and high-tech executives, plus three Clinton administration officials, holds its public meeting in San Francisco

tomorrow and Wednesday. The Internet-taxation issue has suddenly become politically hot in the presidential campaign. Mr. Gilmore is now under increasing attack for his no-Net-tax stance and what some members say is a bias toward ideas similar to his own.

The White House favors a pro-tax proposal devised by Republican Gov. Mike Leavitt of Utah and the GOP-dominated National Governor's Association. That plan would simplify state-tax systems to make it easier to place levies on e-commerce.

"I think the administration is wrong," Mr. Gilmore said. "We don't want to kill the goose that laid the golden egg. I think the Clinton-Gore administration have been strong advocates of preserving taxes and increasing taxes so this doesn't surprise me in the slightest."

Adding to the cacophony of voices, a pair of GOP presidential candidates, Arizona Sen. John McCain and wealthy publisher Steve Forbes, have said the Internet should be a tax-free haven. Their rival for the GOP presidential nomination, Texas Gov. George W. Bush, is in favor of the current three-year moratorium on new Internet taxes, which expires in 2001. But Mr. Bush said he hasn't decided whether state and local taxes should ultimately apply to Internet sales. Democratic candidates

Vice President Al Gore and former Sen. Bill Bradley have remained virtually silent on the issue.

The three-year moratorium has nothing to do with the sales taxes consumers are supposed to pay on their Internet purchases. Those levies, however, go largely unpaid because most Internet retailers aren't legally obligated to collect the taxes—unless they have a physical plant, warehouse, store, etc. in the state where the purchase is being made. Consumers, in turn, are unaware that they are responsible for calculating the levies and paying them as part of their annual state or city income-tax payments. The upshot: States and local governments are losing a small portion of revenue as a result of growing business-to-consumer Internet sales.

The proposals by Messrs. Gilmore and Leavitt will be at the center of this week's commission agenda. The panel would need a supermajority of 13 votes by April 2000 to pass its conclusions. A supermajority isn't apparent yet, but with the administration's three representatives undoubtedly moving toward the application of taxes, the balance of power on the commission is now with the protax camp.

This is a welcome change for some state and local officials, who feel somewhat betrayed by Mr. Gilmore's strident antitax stance. "He has been transparent in his disregard for those of us who believe that e-commerce ought to be taxed in all fairness," says panel member Ron Kirk, mayor of Dallas.

As it appears now, the commission's final report, say insiders, is likely to be a wishy-washy affair that outlines the two dueling proposals and asks Congress to make the ultimate decision. The commission does have broad agreement on some matters: namely, that states and municipalities shouldn't tax Internet access and that the federal government should eliminate the 3% excise tax on telecommunications.

Smith & Wesson's Smart Move

THE NATION'S largest handgun manufacturer has agreed to adopt unprecedented self-imposed controls that are bound to save lives and spur similar smart thinking by competitors. While Congress and the NRA continue to make excuses for the industry, Smith & Wesson is, in its own words, changing "the way we do business." The company says it will provide safety locks on its handguns within 60 days and make them child-resistant within three years. While other manufacturers complain that such technological deadlines are unreasonable, Smith & Wesson suddenly found them within reach.

As part of the deal with the departments of Housing and Urban Development and Treasury and officials representing state and local governments, Smith & Wesson has also agreed to a worthy "code of conduct" for sales and distribution of handguns. It will sell its products only to authorized dealers and distributors who agree to certain conditions—something other gun makers clearly could demand. A dealer or distributor would have its contract with Smith & Wesson terminated if

"a disproportionate number" of crimes were traced to the weapons it sells.

The company agreed not to market to juveniles or criminals, such as with advertisements that claim guns are fingerprint-proof. It will provide not only external locking devices that immobilize triggers but also, eventually, internal locking devices on all guns. It will provide a second "hidden" serial number to foil criminals who obliterate the visible numbers. And the company will require of its distributors and dealers that no sales can be made at gun shows unless all sales at the show are completed only after a background check.

The agreement affects only Smith & Wesson. But it says plenty about the entire industry's ability to develop and monitor handguns in ways that make them far less likely to reach, or be fired by, the wrong hands. That may be used as an argument for continuing to market handguns when banning them from general public sale would be most effective. Still, so long as the guns flow in outlandish numbers in this country, maximum safety measures must be paramount.

The Moat Caucus in Maryland

ISOLATIONISM LIVES in the Maryland legislature. So frightened of the power of Virginia are some lawmakers in Annapolis that they have just rejected a proposal to form a regional commission to study transportation needs. Their chief fear? That the proposal, unanimously approved by the Virginia legislature this year, would lead to—horrors—a new bridge across the Potomac. The thought of even a map maker's arrow over the water and into Montgomery County is more than some Maryland legislators can bear.

Never mind that the enormous common transportation needs of this area cannot be properly coordinated until a regional authority is established to settle on projects and—someday—build them with funds from all participating governments. The proposal, whose sponsors included Maryland House Speaker Casper

Taylor, was merely a start. It lays out the structure for a commission that would include Maryland, Virginia and District lawmakers, secretaries of transportation and other members. The group would make recommendations to the two states' legislatures.

But opponents said they feared the agenda would be dictated by Virginia. Maryland officials who balk at talk of any bridge worry that a crossing would steer business toward Dulles International Airport and away from Baltimore-Washington International; and a bridge might undermine Gov. Glendening's land-use policies.

Are they afraid of their own shadows, too? If setting up an official interstate group to talk about getting this region moving means that they will lose their legislative shirts to Virginia, Marylanders should look for some new representatives with more backbone.

The Washington Post

SUNDAY, MARCH 19, 2000

Los Angeles Times
(first-edition) Page 1 for Sunday, March 19:

Top of page:

Cols 1-2: Like the good spy he was, Russian Acting President Vladimir Putin can appear to be many things to many people: a look at his background shows a man raised in hardship and Communist tradition. (With art.) (RUSSIA-PUTIN, moved.)

Cols 3-6: Ignoring warnings from Beijing, Taiwan voters choose pro-independence candidate Chen Shui-bian as their next president, ending more than 50 years of rule by the Nationalist party. (With art.) (TAIWAN-TIMES, moved.)

Above fold:

Cols 4-5: The devastating electoral defeat of the ruling Kuomintang, or Nationalist Party, represents a historic turning point not only for Taiwan both for China too. (TAIWAN-ASSESS, moved.)

Col 6: News feature. (Moving in future with art.)

Below fold:

Col 1: Alaska Airlines faces a new investigation after charges by mechanics that a maintenance manager violated regulations. (ALASKA, moved.)

Col 4: Amid the pageantry that will envelop President Clinton when he arrives in India to begin a weeklong tour of South Asia, a sobering task awaits him: stopping a war before it starts. (CLINTON-ASIA, moved.)

Bottom of page:

Cols 2-6: The continuing saga of the LAPD's travails.

Clinton Offers Measures, Warnings to Deal With Oil Shortage
By Bob Drogin
Los Angeles Times

WASHINGTON President Clinton moved Saturday to create an emergency heating oil reserve for hard-hit Northeast states, but he warned that there is "no overnight solution" to the fast-rising gasoline and oil prices that have sticker-shocked the nation.

Clinton proposed several steps he said would help insulate Americans from future vagaries in the price of imported oil. He urged Congress to pass tax credits to promote fuel-saving cars, to encourage use of alternative fuels, and to increase domestic oil production.

But administration aides and independent experts cautioned that none of the new measures will have an immediate effect on oil prices that have tripled in the past year and may go higher still as the summer approaches.

Clinton did not say if he is considering releasing oil from the emergency Strategic Petroleum Reserve, as some critics have demanded, to replenish domestic supplies. Nor did he address proposals by some lawmakers to halt the export of about 60,000 barrels a day of Alaskan crude oil to Asia and to divert it instead to West Coast markets.

"We have to be clear there is no overnight solution to this problem," Clinton said as he announced the moves in his weekly Saturday radio address. "Instead of taking short-sighted and risky steps now we might regret later, we should use this opportunity to start down the right path toward real long-term energy security."

Clinton called on Congress to immediately reauthorize the \$69 million barrel Strategic Petroleum Reserve before the current authorization expires at the end of March "to insure that we have all available tools" in event of a national crisis.

Clinton left later Saturday on a week-long trip to India, Bangladesh and Pakistan.

On Friday, the White House said Clinton would only decide whether to tap the emergency oil stockpile after oil ministers from the Organization of Petroleum Exporting Countries meet on March 27 in Vienna, Austria. Clinton said Friday he had spoken with Saudi Arabia's King Fahd about the need to stabilize oil prices at levels that satisfy both producing and consuming nations.

An administration official said Saturday that OPEC leaders have assured U.S. officials they will increase production. "It's no longer a question of if and when," the official said. "It's now how much."

But even if OPEC nations sharply increase output next month, it would take four to six weeks for extra supplies to reach American consumers.

Hoping to shore up support for as much of an increase as possible, Energy Secretary Bill Richardson will leave Sunday for a weeklong round of energy diplomacy.

Aides said Richardson would meet with officials from OPEC member nations, including Algeria, Indonesia, Nigeria and the United Arab Emirates. He met Saturday at an undisclosed location in California with Saudi Arabia's oil minister.

Overall, U.S. oil output fell last year to the lowest level in decades since foreign oil was cheaper to buy. But oil has jumped from \$10 a barrel in 1998 to more than \$30 a barrel today.

In his radio address, Clinton said he would ask Congress to create a regional home heating oil reserve for the Northeast and New England. Aides said that heating oil could be sold from the reserve to increase local supplies in event of future shortages. The size and cost of the proposed reserve was not disclosed.

Clinton also proposed a 10-year tax incentive program, costing about \$1 billion, to support new domestic oil exploration and production. He also proposed tax credits for a broad array of alternative fuel sources, including solar energy systems, wind power, biomass, and more fuel-efficient cars and homes.

Republican National Committee Chairman Jim Nicholson said in response that Clinton's foreign policy toward OPEC countries "has crashed and burned and the American people are suffering for it today."

Clinton's South Asia Challenge: Keep Allies, Prevent War
By Dexter Filkins
Los Angeles Times

Glock Plans to Change How It Sells Guns; Taurus Unit Echoes Call on Restrictions

By VANESSA O'CONNELL

Staff Reporter of THE WALL STREET JOURNAL

Glock GmbH said it intends to adopt sweeping changes in the way it sells its handguns, asking dealers who sell its weapons to obey sales restrictions that go far beyond current federal law.

A senior executive with the U.S. unit of Austria's Glock said the company voluntarily wants to match many of the terms of an unprecedented gun-control agreement reached Friday between Smith & Wesson Corp. and the Clinton administration.

Separately, the U.S. unit of another big foreign handgun maker, Brazil's Forjas Taurus SA, indicated that it, too, soon would ask retailers to obey stringent new sales restrictions.

Glock took part in the secret talks over the past two months that led to Smith & Wesson's deal ending much of the government litigation that has been filed or threatened against it. But Glock has steadfastly objected to certain provisions of the Smith & Wesson settlement and hopes to avoid consenting to them, according to the Glock executive, Vice President Paul Jannuzzo.

Even though it has resisted going as far as Smith & Wesson, Glock is gambling that its separate action will be enough to persuade 29 cities and counties to drop their pending lawsuits against the company and preclude a massive new federal suit threatened by the White House.

"We prefer the idea of not signing on to all of the [Smith & Wesson] agreement," said Mr. Jannuzzo, "but we are now in the process of coming up with a way to ensure dealers go further than they currently do" in keeping guns out of the hands of criminals and children.

Gun foes applauded gun-company plans to step up voluntary regulation of gun sales, but it wasn't clear whether Glock's move would be enough to buy it relief in the courts.

Robert Morrison, executive vice president for the U.S. unit of Taurus, said his company also was considering imposing new curbs on dealers. This is "one of the options we are looking at, though we haven't figured out the details," he said.

By accepting some of the elements of Smith & Wesson's settlement, Glock and Taurus hope to avoid prolonged litigation and controversy, without having to sign on to what they regard as the settlement's most onerous terms.

Glock's New Order



The Handgun Maker Plans to Ask Gun Dealers to:

- Keep an electronic record of sales and purchases
- Require employees to pass a written exam
- Store guns in a safe or locked area at night

But Glock Is Resisting:

- Submitting to the supervision of an outside 'oversight commission'
- Developing a 'smart gun' within three years

Smith & Wesson, a unit of Britain's Tomkins PLC, agreed to a wide range of additional changes opposed by Glock and Taurus. These include incorporating high-technology locks into handguns and submitting to the supervision of an outside "oversight commission" dominated by local, state and federal government representatives.

Mr. Jannuzzo said Glock is in the process of writing new contracts with dealers who carry its brand. He said the new contracts would be "just as effective" as the terms Smith & Wesson has agreed to impose on its retailers. He said Glock would require dealers to take such steps as locking up their weapons in a safe at night and keeping an electronic record of their inventories, among other things. These steps go beyond current federal law.

Elliot Spitzer, New York state's attorney general, who has been active in negotiations with the gun industry, said he is still trying to convince Glock, Taurus and several other gun makers that the only way to guarantee an end to litigation is to sign on to the Clinton administration's full agreement with Smith & Wesson. But, while hopeful, he sees a rough road ahead. "I think the expectation that others will sign on in the next few days is overstated," he said.

At least 15 of 29 cities and counties that had sued the gun industry have agreed to drop Smith & Wesson from their suits, and the White House and the states of New York and Connecticut have agreed not to name the company in separate legal actions they have threatened to file.

Some major manufacturers, including Sturm, Ruger & Co., Southport, Conn., and the U.S. unit of Italy's Beretta SpA, have indicated that they don't intend to compromise at all, according to people familiar with the situation. Jeff Reh, general counsel for the Beretta unit, said: "We believe these settlements simply encourage the use of litigation for extortion for any industry in the country. We don't think that they should be rewarded through capitulation."

Smith & Wesson's factory in Springfield, Mass., yesterday was barraged by negative e-mail, faxes and phone calls, Chief Executive Ed Shultz confirmed. "But that's pretty much what we expected," he added. "The demonizers come out first. It'll take a while to settle down."

Gun dealers began to react around the

country, and even those generally friendly toward Smith & Wesson expressed shock over how drastically the manufacturer has proposed to change its relationship with them.

Forrest Buckwald, co-owner of Buck's Gun Rack in Daytona Beach, Fla., an authorized Smith & Wesson dealer with annual revenue of roughly \$1 million, said he objects to many of the proposed new requirements, including telling dealers that they can no longer carry the high-capacity ammunition magazines made before a 1994 federal ban went into effect. "I have a hard problem with Smith & Wesson telling me that I can't sell a legal product in my store," he said. Another provision he objects to mandates locking gun inventory in a vault at night. "Well, that's fine for a small place with 20 pistols," he explained. "When you have 1,000 of them," as he does, "it's another story." Mr. Buckwald added that he couldn't afford to build a safe big enough to hold his inventory.

LAW

Supreme Court to Clarify the Authority Of an Arbitrator in Drug-Test Dispute

By ROBERT S. GREENBERGER

Staff Reporter of THE WALL STREET JOURNAL
WASHINGTON—The Supreme Court said it would clarify when an employer may be forced by an arbitrator's decision to reinstate a worker in a safety-sensitive job who tests positive for illegal drugs.

Meanwhile, the justices refused to review a ruling that said racial balancing by a Maryland school district is unconstitutional when it isn't needed to redress past discrimination.

In a separate case, the high court also said it would determine when the federal government is liable for property damage from water at U.S.-sponsored irrigation projects. But the court said it wouldn't review whether a \$13.8 million punitive-damage award against Ford Motor Co. was unconstitutionally excessive.

The drug-test case involves Eastern Associated Coal Corp., Charleston, W. Va., which protested the reinstatement of James Smith, a truck driver who tested positive twice, and was twice suspended, for the presence of marijuana in his urine. The company said federal law requires periodic drug and alcohol tests for drivers of heavy equipment on public roads and the presence of those substances can lead to possible dismissal. In March 1996, Mr. Smith, then a drilling operator, applied for the trucking job and subsequently tested positive. He tested positive again in June 1997 in a random test.

Following each test, the company suspended and then fired Mr. Smith, who sought arbitration under his union's contract. After the first dismissal, the arbitrator ruled that Mr. Smith should return to work after a 30-day suspension without pay and participate in a substance-abuse program. After the second test failure, the arbitrator again returned Mr. Smith to work, finding that the drug use was a "one-time lapse" caused by family problems.

Mine Workers' Stance

Mr. Smith's union, the United Mine Workers of America, said in its filing to the court that "he was never accused of possessing or being under the influence of drugs while working." The union also noted that U.S. regulations didn't require that employees who test positive must be "automatically discharged."

The company challenged the arbitrator's finding, but the U.S. District Court for the Southern District of West Virginia and the U.S. Court of Appeals for the Fourth Circuit, in Richmond, Va., upheld the arbitrator's rulings. The Supreme Court is expected to rule on the case during the term beginning next October.

(*Eastern Associated Coal vs. United Mine Workers*).

The U.S. Court for the Fourth Circuit, in Richmond, Va., last October refused to let Maryland's Montgomery County Public

School District consider race in deciding whether to let students transfer to another school. Jeffrey Eisenberg and Elinor Merberg had applied for a transfer for their son, Jacob, from a majority black public school to a majority white school that has a math and science magnet program. The school district had appealed the Fourth Circuit's decision, but yesterday the high court left that ruling intact.

(*Montgomery County vs. Eisenberg*).

Pistachlo Farm

The property-damage case involves Central Green Co., Madera, Calif., which owns and operates a pistachio farm in that state's San Joaquin Valley. The company sued the U.S. claiming that its pistachio orchards sustained significant damage due to leaks in the Madera Canal, which carries irrigation water throughout the valley. The U.S., however, said that it is protected from liability under the 1928 Flood Control Act. The government explained that even though the water project involved irrigation, rather than flood control, waters involved in "multi-purpose projects . . . do not cause the government to lose immunity" under the act.

The U.S. District Court for the Eastern District of California dismissed the complaint, and the U.S. Appeals Court for the Ninth Circuit, in San Francisco, upheld that ruling. The Supreme Court is expected to decide the case next term.

(*Central Green Co. vs. U.S.*).

In the Ford Motor case, two passengers riding in a Ford Bronco II sport-utility vehicle were severely injured in an Aug. 2, 1991, accident. The auto maker said that, following a jury trial in a state court in Indiana, the state's court of appeals erred when it upheld the punitive-damages award based in part on Ford's overall corporate worth. Ford argued that a 1996 U.S. Supreme Court ruling rejected the use of a defendant's wealth as a guidepost for levying damages, and should, instead, have been calculated on Ford's Indiana sales of Broncos.

(*Ford Motor vs. Vicki Ammerman*).

Opponents burn over sulfur plan

Proposal for cleaner diesel gas coincides with climbing costs

By Traci Watson
USA TODAY

As truckers drive their rigs into the nation's capital today to protest high fuel prices, the White House is considering new rules that would clean up the exhaust from diesel trucks — and would raise diesel fuel prices at least a few cents a gallon.

The Environmental Protection Agency has planned since early last year to make diesel trucks cleaner. But in a stroke of bad luck for the agency, its plan landed in President Clinton's budget office at the same time the average price for a gallon of diesel fuel topped \$1.49. The price last March was \$1 a gallon.

"It would be really amazing if someone would be stupid enough to come up with that kind of proposal right now," said Jim Johnston of the Owner-Operator Independent Drivers Association, which represents independent truckers. "They would probably

have a massive revolt on their hands."

The timing might be bad luck for the EPA, but it's good luck for the oil industry, which opposes the proposal. Nine organizations representing refineries and retailers sent a letter Monday to EPA Administrator Carol Browner asking her to withdraw it.

Industry officials admit the current anger over fuel prices works to their advantage. "It's very difficult to get people to focus on supply and price impacts when a barrel goes for \$10," said Bob Slaughter of the National Petrochemical & Refiners Association. Now, "we find people are a little more receptive to our call for reasonable standards."

The EPA proposal would drastically lower the amount of sulfur in diesel fuel. Sulfur, which occurs naturally in oil, gums up catalytic converters. Today's diesel fuel contains an average of 350 parts of sulfur per million parts of fuel. Refiners said the EPA wants to cap sulfur at 15 ppm by 2006, and they would have to make costly and time-consuming changes to their equipment to meet such standards. They warned that refineries might

have to close to be overhauled, and said the cost of producing diesel fuel could rise by more than 20 cents a gallon because of the costs of revamping tanks and pipelines. The industry's proposal would cap sulfur at 50 ppm.

Environmentalists counter that the particles in diesel exhaust are dangerous. On Wednesday, a group of state and local environmental officials released a study estimating that more than 125,000 Americans might get cancer from diesel exhaust during a 70-year period.

The state and local officials say that the cost to manufacturers of meeting the EPA's proposed standard would be far lower

than the industry estimate. They point to fuel regulations that have cost much less than refiners' prediction.

"We think it's going to cost a nickel a gallon or less, and history is in our favor," said Bill Becker, representative for the environmental officials.

The EPA also wants to impose stricter pollution-control equipment on large diesel trucks.

The proposal follows a 1999 EPA rule that lowers sulfur in gasoline at an estimated cost of a few cents a gallon and requires extra tailpipe controls for sport-utility vehicles. Agency officials plan to announce their proposal in late spring or early summer.

Code targets gunmakers

N.Y.'s attorney general wants states to focus on companies' 'bottom lines'

By Richard Wolf
USA TODAY

New York's top law enforcement official today will urge federal, state and local governments to buy guns only from manufacturers who sign a code of conduct.

The action by state Attorney General Eliot Spitzer, a Democrat, comes on the heels of a sweeping gun-control package proposed Wednesday by New York Gov. George Pataki, a Republican who broke from his party's top leaders.

Taken together, the one-two punch adds to the growing national outcry for stricter controls on firearms after a string of high-profile shootings.

Spitzer's code of conduct calls for governments to stop buying guns from manufacturers who do not install trigger locks and other safeguards and allow independent monitoring of their compliance.

"Government sales are very significant," the attorney general says. "We must get the gun companies' attention by focusing on their bottom lines."

Law enforcement agencies purchase near-

ly 10% of the handguns sold in the USA, according to the National Shooting Sports Foundation, which represents gun manufacturers.

Spitzer was to sign an executive order today making his department the first to demand compliance with the code of conduct. He won support for his plan Wednesday from several mayors and county leaders in New York. Spitzer has yet to take his plan national.

Bob Delfay, president of the shooting sports foundation, says police departments may not support the proposal. "Many of the

things that Attorney General Spitzer has been asking the industry to do have not been done because of concerns by law enforcement," he says.

Pataki broke with Republican leaders Wednesday, calling for trigger locks, background checks for gun-show purchases, a ban on assault weapons and a boost in the minimum age for gun purchases from 18 to 21.

The governor also urged that manufacturers and dealers "fingerprint" the bullets and shell casings by firing test shots from guns in their inventories. They would then submit them to a state database used by police to trace guns used in crimes.

"I'm not concerned about the politics here," said Pataki, who's been mentioned as a possible vice presidential candidate. "I'm concerned about the policy. And the policy will make our streets safer."



By Tim Pataki, AP

In control: Eliot Spitzer calls government sales 'significant.'

Buckhead wants its groove back

String of crimes in residential jewel of Atlanta upsets locals

By Larry Copeland
USA TODAY

ATLANTA — The man known as "the mayor" of Buckhead, long this city's brightest residential jewel, was in his office when he got the bad news: yet another violent, late-night crime — five people shot in a limousine near the home of Atlanta rap artist Da Brat.

"It was like somebody had knocked the breath out of me," says Sam Massell, a former Atlanta mayor and Buckhead's best-known booster.

Buckhead, whose very name evokes an almost magical feeling of wealth and privilege for Atlantans, has been pounded recently by a series of unrelated but high-profile, violent crimes, mostly within a small entertainment district known as Buckhead Village.

Now, like a society matron clutching her pearls in horror, Buckhead is aghast over the wave of bad publicity. "The fact that it attracts national attention is because it's so out of the ordinary," says Massell, president of the Buckhead Coalition, an organization of CEOs working to improve the area's quality of life. "It just happened that we got much more than our share all at once."

The latest crime was the multiple shooting early Sunday at a gated apartment complex north of Buckhead Village. Five people inside a stretch limousine were shot, none fatally, as they returned from a birthday party in the village. Atlanta police dismissed Wednesday earlier reports linking the victims to Da Brat, whose name is Shawntae Harris.

The shooting came after the post-Super Bowl stabbing deaths of two men that led to murder charges against Baltimore Ravens linebacker Ray Lewis and two other men. They are awaiting trial. Just two weeks earlier, on Jan. 17, a 28-year-old Georgia man was shot

dead outside a nightclub.

The violence follows several years of complaints from residents about traffic congestion, pedestrian accidents, noise, litter and public drunkenness in the village. It is sparking bitter tensions between fed-up residents and some businesses.

Residents staunchly support an Atlanta City Council plan that they say would cut down on rowdiness and congestion by forcing bars to close at 2 a.m. instead of 4 a.m. The measure also would increase police presence and gradually reduce

the number of bars. Scores of angry residents squared off against club owners Wednesday night at a public hearing.

"Everybody calls these places bars, but these aren't bars like Sam Malone had on Cheers," says Libba Grace, who has lived in Buckhead for 23 years. "They've got terraces, decks, outside amplifiers."

Residents say they know better than to drive at night through the heart of Buckhead Village, along Peachtree Road. The small retail shops that once populated the area have

moved out, leaving mostly clubs and bars to cater overwhelmingly to outsiders.

Buckhead's club owners and their supporters say the proposal reflects a small-town mentality and that the earlier closing time could force some of them out of business. "Buckhead has been unfairly treated as a community," says resident Spencer Brown, who supports keeping the bars open until 4 a.m.

Some observers say the Buckhead Village story should serve as cautionary tale to Atlanta. "It's kind of like Un-

derground (Atlanta) has moved uptown," says Charles Bullock, a political science professor at the University of Georgia. "The kind of problems that sucked the life and energy out of Underground have been displaced."

He was referring to a once-popular dining and entertainment district downtown that saw attendance plummet after much-publicized shootings.

Buckhead also suffered through the shooting rampage last summer of Mark Barton, a day-trader who killed nine people inside two office buildings there, and the city's much-publicized fight this year with the Gold Club, a ritzy strip club popular with visiting athletes. The club's accused of promoting prostitution.

Buckhead, said to have received its name in 1838 when a hunter posted a large buck's head on a wooden post near the town's main tavern-grocery store, was annexed to the city in 1952. It was initially known for its luxurious housing, then as a highly desirable business address and home to the city's first upscale malls. "Most recently, it has become the happening place as far as nightlife," professor Bullock says.

Greater Buckhead is home to 66,000 residents living in a 28-square-mile area 4 miles north of downtown. It is one of the nation's wealthiest collections of neighborhoods. The area contains just more than 2% of the region's single-family homes, but nearly 40% are priced higher than \$500,000.

Many people who have never driven Buckhead's wide, tree-lined streets that wind quietly in front of elegant homes will recognize it from Tom Wolfe's novel, *A Man in Full*, as home to many of the city's power brokers. The Governor's Mansion is here. Both of Georgia's U.S. senators, Democrat Max Cleland and Republican Paul Coverdell, live here, as do many entertainers and athletes. That's the image "Mayor Massell" wants back on the front pages.

"This is not what we normally experience," he says, "and it's not what will happen in the future."

Gun Makers, Municipal Representatives Ready to Meet on Settlement of Lawsuits

By PAUL M. BARRETT

Staff Reporter of THE WALL STREET JOURNAL

Efforts to settle litigation against the gun industry are intensifying, as representatives of the industry and the municipalities that have sued it prepare for a meeting scheduled for Monday in Washington.

Also at the table, either in person or by means of a representative, will be public officials who have threatened to sue the industry but so far have held off, saying they would prefer to negotiate curbs on the marketing and distribution of handguns. These include: Philadelphia Mayor Edward Rendell, New York Attorney General Eliot Spitzer and Connecticut Attorney General Richard Blumenthal.

The meeting isn't expected to involve substantive negotiations, people on both sides of the gun clash say. Instead, this will be the first time most elements of each side will meet to see if there is sufficient common ground to proceed with discussions of specific terms.

Each side is internally divided into camps favoring compromise and hostility, according to people on both sides.

Within the industry, several companies have emerged in private communication in recent months as willing to discuss settlement, at least in theory. These include: the U.S. unit of Austria's Glock GmbH, Smith & Wesson Corp., a unit of Britain's Tomkins PLC, and Colt's Manufacturing Co. of West Hartford, Conn., according to people involved in the private conversations.

In contrast, the biggest U.S. gun manufacturer, Sturm, Ruger & Co., Southport, Conn., has staunchly opposed compromise, according to these people. The National Rifle Association, which represents gun owners, has made it plain that it, too, opposes a truce. The NRA's position is watched closely because its highly aggressive local affiliates can do great damage to gun companies by criticizing or even boycotting them.

The municipal lawsuits, filed on behalf of 27 cities and counties so far, seek reimbursement for the public costs of gun violence, and changes in industry behavior to reduce the chances firearms will be mis-

used. The proposed curbs include greater supervision by manufacturers of their retailers, a limit on the number of guns a customer may buy at one time and use of high-tech devices to prevent any but authorized users to fire a gun.

Within the large group of public officials and lawyers attacking the industry, there is a split between those eager to reach a deal quickly and those who would prefer to litigate for a while. Mr. Spitzer, the New York attorney general, has asserted himself as a would-be deal maker, in part because he sees the suits as cutting-edge legal actions that could collapse in court. His approach has been to threaten to sue, while offering to hold his fire against any company willing to sign a "code of conduct" aimed at keeping guns out of the hands of criminals and children and assisting police with investigations.

Mr. Spitzer, who is expected to be one of the main speakers on the government side on Monday, said a divide-and-conquer strategy—settling with even a few manufacturers—would increase public pressure on the others.

Mr. Blumenthal, the Connecticut attorney general, has followed a similar course of threatening to sue while engaging in private communication with the industry. Referring to Monday's session, he said: "There may be an opportunity for common ground with the more responsible members of the industry. We have an opportunity and an obligation to explore that possibility." He declined to discuss the substance of the meeting.

Dissenting from this view are some of the outside lawyers for some of the cities, especially Los Angeles and San Francisco, which were relative latecomers to the litigation, which began 11 months ago. These lawyers have argued against an early settlement, saying they need time to gather industry documents and interrogate company executives under oath to determine how the gun business actually works and how it should be changed. Prolonged litigation and larger legal costs also would increase the financial pressure on the industry to accept new curbs.

Delta, Pilots Reach Tentative Agreement

By MARTHA BRANNIGAN

Staff Reporter of THE WALL STREET JOURNAL

ATLANTA—Delta Air Lines reached a tentative pact with its pilots union that would provide the industry's highest pay rates to its Boeing 777-200 pilots, set pay rates for the new Boeing 767-400ER, and give most pilots an early 3% pay raise.

The tentative accord provides for 12-year captains on the Boeing 777-200 to be paid \$250 an hour, or about \$225,000 a year in base salary, jumping to \$265 an hour, or about \$238,500 a year, on Jan. 1. That compares with the current top rate of \$224.26 an hour for the aircraft type, paid by AMR Corp.'s American Airlines.

The move, while costly for Delta, could set a more positive tone for negotiations that began Sept. 8 between the company and the union on a separate, overall accord that becomes amendable next May.

"While this tentative agreement is important in itself, it also sets a constructive tone as Delta and ALPA continue negotiations," Leo F. Mullin, Delta's president and chief executive, said in a statement. The pact is subject to approval by leaders of the Air Line Pilots Association for Delta and by its 9,000 pilots.

The airline, acknowledging its pilots'

pay had fallen behind others in the industry, agreed to a 3% raise, effective Jan. 1, for all pilots except those who fly the Boeing 777-200, 767-400, or the Boeing 737N and Boeing 737G, for which rates were just recently set. By contract, the pilots aren't eligible for a pay raise until their contract becomes amendable in May 2000. Delta, the nation's third-largest carrier, also agreed to convert a 6% profit-sharing plan to a permanent 6% pay raise for all pilots effective Jan. 1.

Delta, the first U.S. airline to set pay scales for the new Boeing 767-400ER, agreed to pay those captains \$230 an hour, increasing to \$243.80 Jan. 1.

The airline also agreed to eliminate an unpopular "B-scale" system, which pays junior pilots less than their counterparts for the same work.

Delta officials declined to say how much the proposals would add to its operating costs. The move may have been necessary to begin to appease an increasingly combative pilot group.

Delta pilots made concessions in the last labor contract in 1996, and have been insisting that they want big pay increases now that the airline is recording a strong profit. Indeed, the just-negotiated rates are subject to revision when the accord is hammered out.

In a statement, Capt. Charles S. Giambusso, chairman of ALPA's master executive council, said the plan is a victory for pilots, but added "We still have a long way to go."

Delta has two of the Boeing 777-200s, a wide-body jet that is popular with travelers due to its relatively spacious interior. In June, however, the airline deferred delivery of the remaining 11 Boeing 777s it had ordered, and put up for sale or lease the two it has. That was because prospects of reaching a deal with its pilots, who were demanding \$318.96 per hour, seemed unlikely to occur soon. The union had threatened to exercise a contractual right to refuse to fly the planes unless a pay accord was reached by November. Capt. Andy Deane, a union spokesman, said that the union agreed to hold off on any job action on the Boeing 777s while the union's members have a chance to vote.

If the tentative accord is approved, Delta will have to work out an agreement with Boeing for delivery of the jet, which is expected to play a large role in its international strategy.

Bond Market Rallies as Sell-Off in Stocks Sends Investors to Treasuries in Their Search for Value

By GREGORY ZUCKERMAN
And JOHN MONTGOMERY

Staff Reporters of THE WALL STREET JOURNAL

NEW YORK—The bond market unleashed its best one-day rally in three weeks, amid a sell-off in stocks that sent investors fleeing for the safety of U.S. Treasuries. Bonds also drew support from optimism that the Federal Reserve won't raise interest rates in October.

"The equity market rolled over and died and the bond market responded," said Mike Clorherty, market strategist at Credit Suisse First Boston.

In late trading, the bellwether 30-year Treasury bond rose 1 12/32, or \$13.75 for a bond with \$1,000 face value, at 101 26/32. The bond's yield, which moves in the opposite direction of its price, fell to 5.984%, the first time since Aug. 27 it has been under 6%.

Medium-term bonds did even better. Ten-year Treasuries, for example, rose 26/32 to yield 5.795%.

The bond market was somewhat higher most of the day, but when stocks started tumbling, after comments by U.S. Treasury Secretary Lawrence Summers, the rally picked up steam as investors shifted funds from stocks to bonds and the Dow Jones Industrial Average plunged more than 200 points, or nearly 2%.

Sharp declines in stock prices sometimes prompt so-called flight to safety into Treasuries, although some traders called yesterday's activity more of a search for value, rather than safety. "Some of the asset allocators are starting to move large blocks of money out of equities into our market. It certainly trades like it," said Scott Graham, co-head Treasuries trader at Prudential Securities.

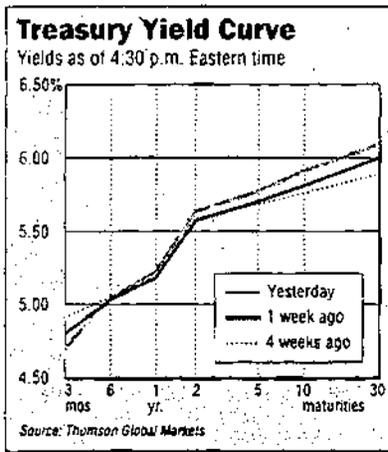
If the stock decline continues, it could damp consumer demand and encourage the Federal Reserve to hold off on raising interest rates, noted Donald Fine, chief market analyst at Chase Asset Management in New York. "The market is getting nervous that the recent declines in the stock market will become persistent, leading to a stock-market correction which could prevent the Fed from tightening at all," said Mr. Fine.

Interest-rate prospects have been a key factor in bond-market dealings as a meeting of Fed policy makers looms on Oct. 5. This week, a number of Fed officials have made public appearances, providing ample opportunity to prepare the markets for any possible change in monetary policy.

But no such warnings came. And that has convinced many in the market that monetary policy is on hold for the time being, said Michael Ryan, senior fixed-income strategist at PaineWebber in New York. "There's a growing consensus now that the Fed is on hold at the October meeting," Mr. Ryan said.

All this left Treasuries room to rally, particularly after selling related to the dollar's weakness against the yen lost steam earlier in the week.

In the context of an extremely light-volume day, a sentiment shift toward no Fed action combined with a little bit of a short-covering rally contributed to this



YIELD COMPARISONS

Based on Merrill Lynch Bond Indexes, priced as of mid-afternoon Eastern time.

	9/22	9/21	-52 Week -	
			High	Low
Corp.-Govt. Master	6.41%	6.46%	6.62%	4.84%
Treasury 1-10yr	5.75	5.80	5.98	4.19
10+ yr	6.26	6.43	6.51	4.86
Agencies 1-10yr	6.28	6.42	6.69	4.71
10+ yr	6.75	6.80	6.85	5.72
Corporate				
1-10 yr High QTY	6.64	6.70	6.93	5.08
Med QTY	7.19	7.25	7.43	5.59
10+ yr High QTY	7.33	7.35	7.50	5.91
Med QTY	7.81	7.88	7.96	6.46
Yankee bonds (1)	7.24	7.30	7.54	5.87
Current-coupon mortgages (2)				
GNMA 7.00%	7.33	7.38	7.93	5.79
FNMA 7.00%	7.31	7.37	7.91	5.87
FHLMC 7.00%	7.34	7.40	7.92	5.89
High-yield corporates	10.64	10.64	10.81	9.74
Tax-Exempt Bonds				
7-12-yr G.O. (AA)	5.03	5.03	5.03	4.05
12-22-yr G.O. (AA)	5.36	5.57	5.57	4.50
22-yr revenue (A)	5.81	5.82	5.82	4.67

Note: High quality rated AAA-AA; medium quality A-BB/Baa; high yield, BB/Ba-C.
(1) Dollar-denominated, SEC-registered bonds of foreign issuers sold in the U.S. (2) Reflects the 52-week high and low of mortgage-backed securities indexes rather than the individual securities shown.

move," said Richard Schwartz, portfolio manager responsible for about \$23 billion in fixed-income investments for New York Life Asset Management.

Many of those caught short by the rally had expected the dollar to continue falling against the yen, but the U.S. currency has stabilized at about 104 yen.

"I think you had some guys that were leaning on the [Treasuries] market, thinking that the dollar was going to continue down," said Donald Galante, head of Treasuries trading at Fuji Securities in New York.

Meanwhile, Prudential's Mr. Graham also noted that some investors have avoided putting money into the bond market due to concerns about a looming heavy supply of corporate bonds. But bond issuance has been well below expectations.

Comments by Mr. Summers were interpreted to mean no international intervention is around the corner to buttress the dollar, but investors streamed into dollar-denominated bonds. Some analysts suggested that the move may prove a mistake.

"If the dollar is going to get weaker it's going to be hard to keep these gains," said Joel Kent, an economist at Lehman Brothers.

Asset-Backed Securities

Chase Manhattan Bank, a unit of Chase Manhattan Corp., sold an innovative \$966

million offering of securities backed by credit-card receivables.

According to people in the market, that is the first time a credit-card company sold an entire securitization in the public markets and the first to make its lowest-rated class available to investors bound by the Employee Retirement Income Security Act, such as pension-fund managers.

Investors said the structure has the potential to improve liquidity and positively impact trading in the credit-card sector of the ABS market. "This deal will have very positive implications in the long run," said David Clement, portfolio manager at New York Life.

The lead manager was Chase Securities. The five-year offering included an \$850 million triple-A-rated class that was priced to yield 0.98 percentage point over Treasuries, a \$48.3 million single-A-rated class that was priced to yield 1.28 percentage points over Treasuries and a triple-B-rated \$67.62 million class that was priced to yield 0.95 percentage point over the one-month London interbank offered rate.

Agency Securities

Agency securities ended slightly firmer despite news that Fannie Mae plans to sell \$4 billion of securities next week.

The agency plans a minimum \$3 billion reopening of its 6 1/2% benchmark notes due August 2004 and \$1 billion reopening of its 6 1/4% benchmark bonds due May 2029 via joint lead managers Goldman Sachs, Lehman Brothers and J.P. Morgan Securities. Underwriters involved in the deal said the issues will be priced in line with the market.

Late yesterday, Fannie's 6 1/2% five-year issue was bid at 0.59 percentage point over Treasuries; the 6 1/4% 30-year issue was bid at 0.815 percentage point over Treasuries.

Meanwhile, the Federal Farm Credit Banks is expected to announce its monthly offering of consolidated systemwide bonds today, to be sold Tuesday. With good demand for agencies among shorter maturities, some traders speculated that the FFBCB could also do a two- or three-year issue along with the monthly issues.

—John Dooley and Sheila Calamba contributed to this article.

**OFFICE OF THE ASSISTANT GENERAL COUNSEL
(ENFORCEMENT)
DEPARTMENT OF THE TREASURY
15TH AND PENNSYLVANIA AVENUE, N.W., ROOM 2000
WASHINGTON, D.C. 20220**

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TEL: (202) 622-0670**

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