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MEMORANDUM

To: Dennis Burke
Fr: Leanne Shimabukuro
Da: October 21, 1996
Re: Gun Dealer Licensing: Brady Law and 1994 Crime Law

GUN DEALER LICENSURE

a. Brady Law

The Brady law passed in 1993 contains a title, the Federal Firearms License Reform Act of 1993. The title raises license application fees for gun dealers from \$25 per year to \$200 for three years. For renewals of valid licenses, the fee is set at \$90 for three years.

In addition, the law has provisions to prevent the theft of firearms. Common and contract carriers must obtain receipts for delivery of firearms, and are prohibited from requiring certain types of labeling of firearms containers. The law also makes it a federal crime to steal firearms from a licensee, with penalties of up to \$10,000 and 10 years of imprisonment.

b. Violent Crime Control and Law Enforcement Act

The Crime Bill of 1994 imposed new requirements on firearms dealers. In particular, the law requires firearms dealer applicants to be fingerprinted and photographed for licensure and registration. The law also requires firearms dealer applicants to certify that they are in compliance with state and local law as a condition to their license. Dealer applicants must notify the chief law enforcement officer in their locality of their intent to apply for a Federal firearms license.

Further, the law imposes new requirements on licensees for reporting and record keeping. Firearms licensees must report on the loss of a firearm from their inventory within 48 hours after discovery. Licensees must also allow for the annual inspection of their inventory and records, or whenever a firearm involved in a criminal investigation is traced to the licensee. The law requires licensees to report immediately (less than 24 hours) to the Treasury Secretary's requests for information relating to criminal investigations.

The law also requires the Treasury Secretary to notify the chief state or local law enforcement officer of the names and addresses of all firearms licensees.

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**A Progress
Report:**

Gun Dealer Licensing & Illegal Gun Trafficking

Department of the Treasury
Office of the Under Secretary of Enforcement
Bureau of Alcohol, Tobacco, and Firearms



January 1997



UNDER SECRETARY

DEPARTMENT OF THE TREASURY
WASHINGTON, DC 20226

MEMORANDUM FOR SECRETARY RUBIN

FROM:

Raymond W. Kelly
Under Secretary (Enforcement)

SUBJECT:

Gun Dealer Licensing and Illegal Gun Trafficking

As directed by the President, the Department of the Treasury has taken important steps to reduce the illegal availability of firearms to criminals and juveniles. This report describes what has been accomplished as a result of these actions.

Virtually all new firearms used in crime first pass through the legitimate distribution system of federally licensed firearms dealers. To reduce the flow of guns to criminals and juveniles, the President directed that firearms purchasers be screened more effectively, the system for licensing gun dealers be strengthened, and their compliance with applicable laws and regulations be assured. Beginning in 1993, the Brady law required background checks on handgun purchasers. In addition, new laws, implementing regulations, and enforcement policies now ensure that only those engaged in legitimate commercial gun business can obtain a federal firearms license. New federal firearms license applicants must now (1) provide fingerprints and identification photographs for purposes of background checks; (2) have face-to-face interviews with federal inspectors, and demonstrate that they have business premises; (3) notify their state or local chief law enforcement officer of their intent to enter the gun business; (4) certify compliance with all state and local laws that apply to their business; and (5) pay a three-year fee of \$200, and a \$90 three-year renewal fee. In 1993, there were approximately 286,500 federal firearms licensees (FFLs); the number now is 124,286 -- a 56% reduction. Virtually all states have reduced their FFL population by at least half. The marginal FFLs that were not renewed had no business premises, or were in violation of federal or local laws.

To further reduce illegal access to guns by criminals and young people, the President directed in August 1993 that tracing of crime guns recovered by law enforcement be improved and federal-state efforts against gun traffickers be increased. Since then, the Bureau of Alcohol, Tobacco, and Firearms' (ATF) National Tracing Center has provided trace information on approximately 320,000 crime guns and increased the annual crime gun trace rate by two and a half times. In January 1996, ATF began a new nationwide strategy aimed at illegal gun traffickers and corrupt gun dealers, using information from crime gun trace analysis to facilitate investigations and target major traffickers. By the end of the year, ATF had recommended for prosecution 2,230 trafficking defendants, who were responsible for trafficking over 34,000 firearms. I will be reporting separately to you on the Youth Crime Gun Interdiction Initiative, an initiative that you joined the President in announcing in July, aimed at reducing young people's illegal access to firearms.

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I. A STRATEGY TO REDUCE ILLEGAL AVAILABILITY OF FIREARMS

President Clinton has identified “the ease with which criminals, the mentally deranged, and even children can acquire firearms” as a major national problem. He also has established the specific goal of making it more difficult for guns in legitimate distribution to pass into the illegal gun market and the hands of criminals; juveniles; and others prohibited by federal, state, and local laws from owning firearms.

As immediate steps toward this end, the President directed the Secretary of the Treasury to ensure that the Bureau of Alcohol, Tobacco and Firearms (ATF) strengthen federal gun dealer licensing requirements and expand federal-state-local law enforcement efforts against illegal gun traffickers. ATF has launched new programs to carry out the President’s directive. In addition, Congress passed and the President signed new laws aimed at reducing the availability and use of firearms by criminals, young people, and others.

The President also directed that federal gun dealers obtain more reliable identification from gun purchasers to prevent sales to criminals, juveniles, and mentally deranged people. The Brady law requires handgun purchasers to

show identification that is government issued and includes a photograph.

The Brady law also provides for, in those states that did not already require a background check, a five-day waiting period and background check on the transfer of a handgun by a federal firearms licensee to a non-licensee. Under the Gun Control Act, nine categories of purchasers are prohibited from buying firearms, including handguns. These include felons, fugitives, illegal drug users, persons adjudicated mentally ill, illegal aliens, persons dishonorably discharged from the Armed Forces, persons who have renounced their U.S. citizenship, persons under a restraining order for domestic harassment, and persons who have committed a misdemeanor crime involving domestic violence.

The Brady law’s requirements for handgun purchases, the strengthening of gun dealer licensing requirements, and expanded law enforcement activity against gun traffickers — these three approaches combined constitute a strategy that will continue to reduce illegal access to firearms by criminals and juveniles.

II. IMPROVED FEDERAL FIREARMS LICENSING SYSTEM

As directed by the President, ATF is making the federal licensing system less vulnerable to exploitation by corrupt dealers, illegal gun users, and traffickers. The President observed that the system made it easier to obtain a license to sell guns commercially than to get a driver's license and that it enabled many people who should not be licensed to get licenses. Since the President issued his directive in 1993, however, the number of federally firearms licensees (FFLs) has fallen from 287,000 to approximately 124,000. (There are 11 categories of FFLs, including dealers, importers, manufacturers, and collectors. All but approximately 20,000 are gun dealers.)

Federal firearms licenses are issued for a three-year period. The first cycle of application renewals under the new requirements will be complete in September 1997. All licensees will have submitted new applications, provided fingerprints and photographs, completed state or local chief law enforcement officer notification, and certified compliance with state and local law. By the fall of 1997, ATF estimates that the number will diminish further, to approximately 100,00 to 115,000 FFLs nationwide.

Changes in the Federal Firearms Licensee Application Process

The reduction in FFLs is due to new laws, implementing regulations, and enforcement policies that ensure that only those engaged in legitimate commercial gun business can obtain a license. FFL dealer applicants must now (1) provide fingerprints and identification photographs for purposes of background checks; (2) have face-to-face interviews with federal inspectors, and demonstrate that they have business premises; (3) notify their local chief law enforcement officer of their intent to enter the gun business; (4) certify compliance with all

state and local laws that apply to their business; and (5) pay a three-year fee of \$200, and a three-year renewal fee of \$90.

Better Identification

In December 1993, ATF revised the application for an FFL to require fingerprints, photographs, and information establishing an applicant's intent to conduct a firearms business. In September 1994, the Violent Crime Control and Law Enforcement Act made the requirement for fingerprints and a photograph a statutory requirement.

Streamlined Application Process

ATF also streamlined the application process. The length of the application has been reduced from seven to two pages. Also, an applicant who successfully completes an initial review is required to file only a short renewal application form every three years. The renewal form simply calls for updated certifications of compliance with applicable laws and for any changes in the information contained in the original application.

Licensed gun collectors now have a separate application form. The new form states that the collector's license is exclusively for the purpose of facilitating the personal collection of firearms classified as curios or relics and does not authorize the licensee to engage in the business of buying and selling firearms.

Increased Fee

In 1993, the Federal Firearms License Reform Act increased the initial FFL fee from \$10 to \$200.

Added Inspections

As directed by the President, ATF has increased field inspections of federally licensed gun

dealers and improved the thoroughness and effectiveness of background checks in screening dealer license applicants. ATF now conducts application inspections on all new applicants and all renewal applicants, except those located at commercial premises that have been inspected within the last three years. Each new applicant has a face-to-face interview with an ATF inspector, during which eligibility requirements for a license are discussed.

Federal-local Cooperation on Licensing Enforcement

The President's memorandum directed increased federal cooperation with state and local law enforcement to address licensing problems. At the time the directive was issued, a gun dealer could be in compliance with federal requirements and hold a federal firearms license even if the business was in violation of state laws and local ordinances applicable to it. The Violent Crime Control and Law Enforcement Act of 1994 corrected this problem by requiring that gun dealer applicants certify compliance with state and local laws. It also required that applicants notify their local chief law enforcement officer of their intent to carry on a firearms business. Gun dealer license application forms include these requirements.

ATF has assisted a number of communities in joint enforcement efforts to ensure that licens-

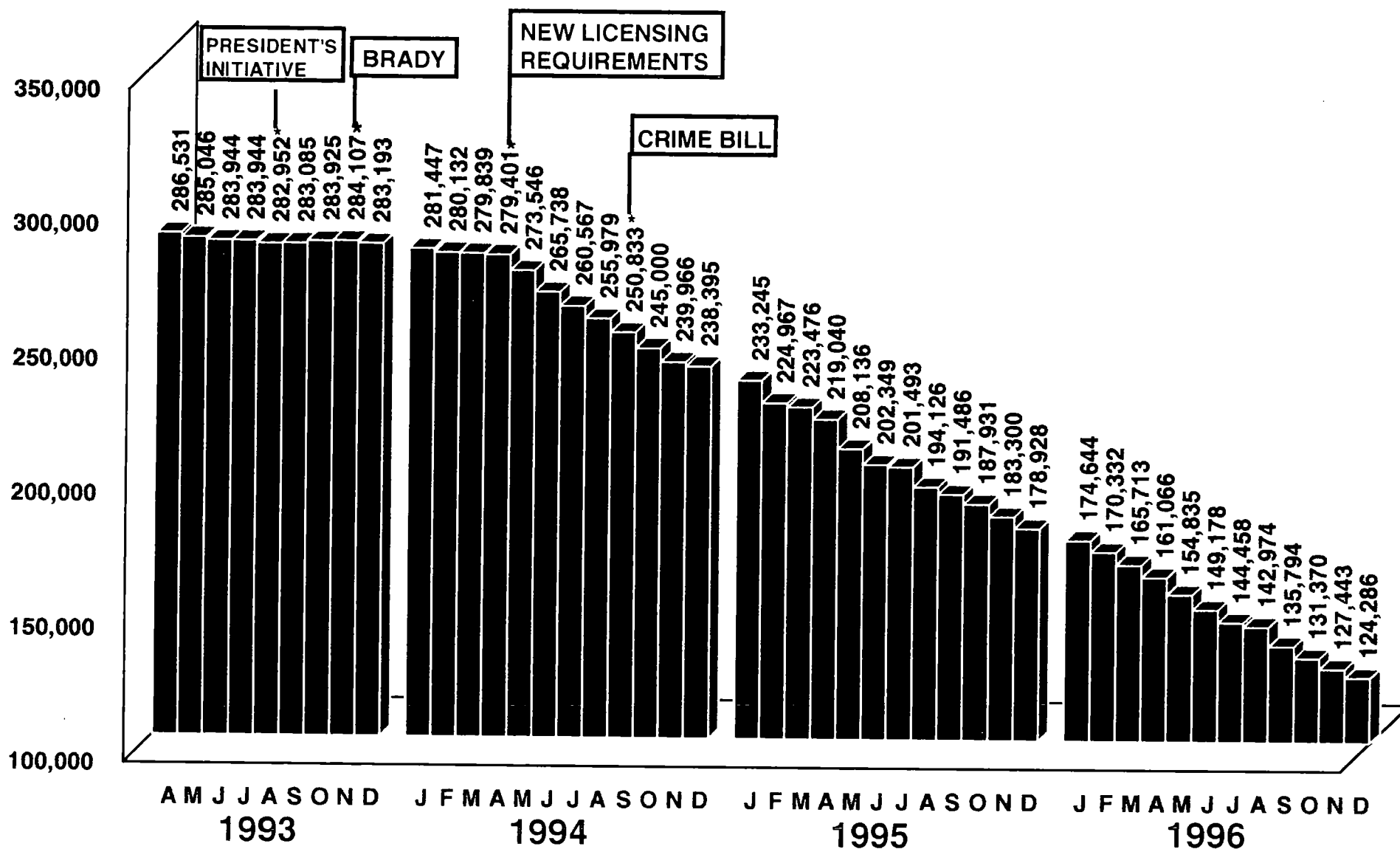
ees comply with federal, state, and local laws. For example, the city of Berkeley, California, enacted ordinances that prohibit firearms sales from a residence. ATF provided the city of Berkeley with a computer printout of all the FFLs in the city, 34 of them. Teams consisting of a Berkeley police officer and an ATF inspector conducted face-to-face interviews with each of these 34 dealers. The city of Berkeley now has only two federally licensed gun dealers.

Joint inspection programs have been completed or are still in progress in numerous other cities and jurisdictions throughout the country. The reduction in numbers does not represent a reduction in viable businesses but rather in licensees who were not in compliance with state and local laws. Other factors include the increase in licensing fees mandated by the Brady law, and the 1994 Violent Crime Control and Law Enforcement Act's requirements that local chief law enforcement officers be notified of gun dealers' intent to enter the business, and that fingerprints and photographs be provided in order to facilitate a criminal records check.

The attached charts show the decline on a national basis in both federal firearms licensees and in license applicants, the decline in FFLs state by state, and the results of city-wide joint federal-local inspections.

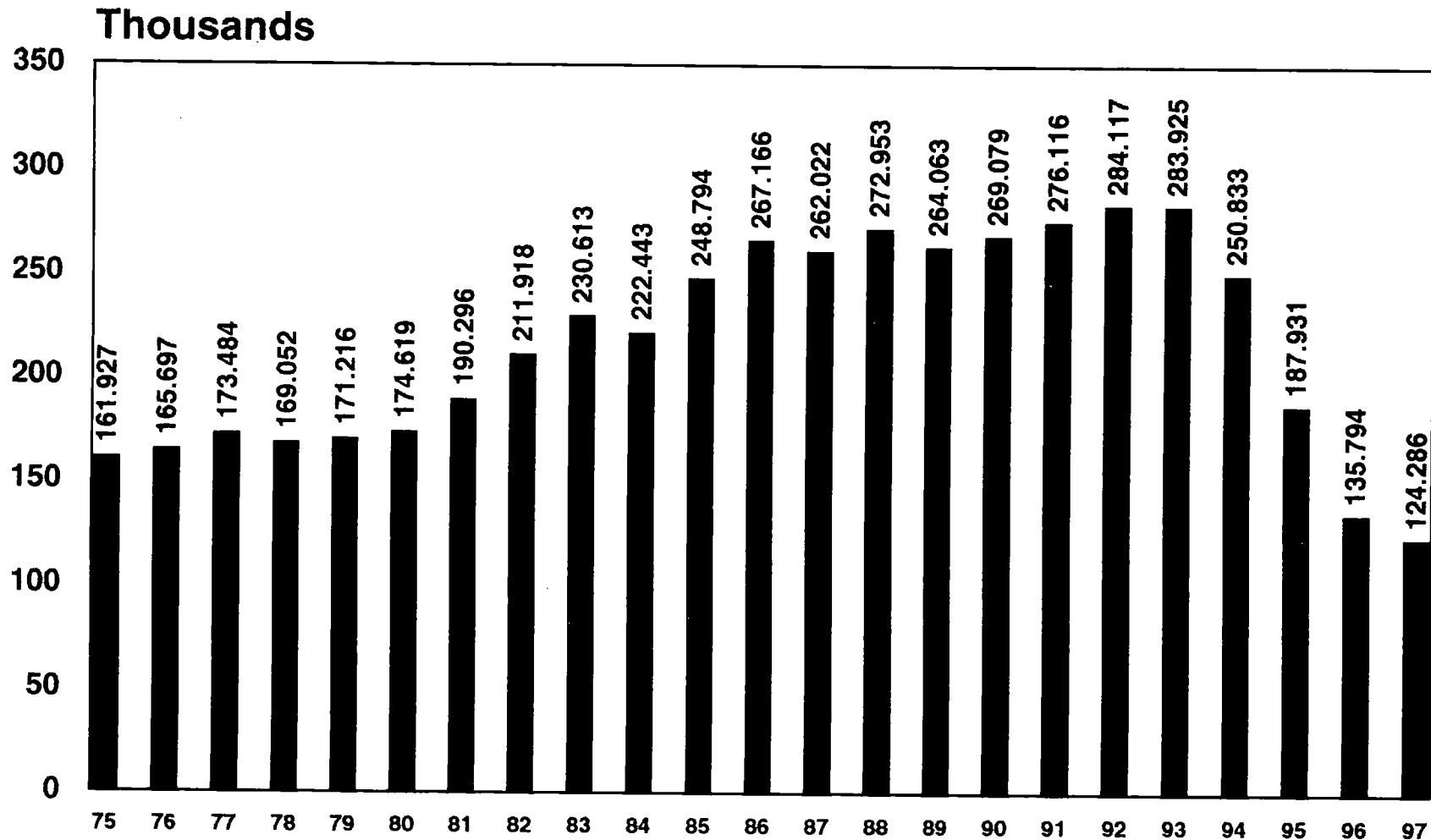
FEDERAL FIREARMS LICENSES

APRIL 1993 - DECEMBER 1996



FEDERAL FIREARMS LICENSEE POPULATION

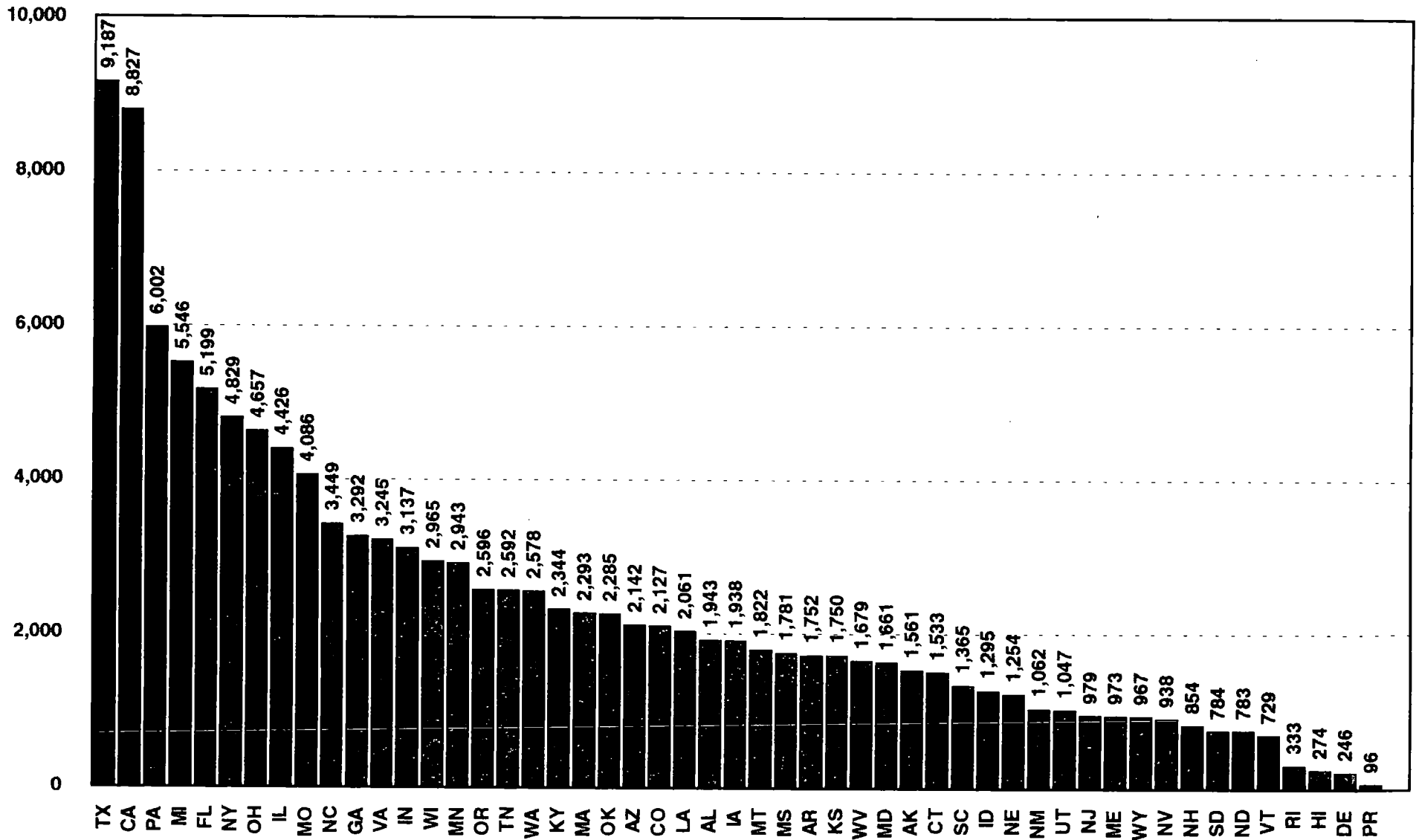
FY 1975 - FY 1997 *



* FY 97 FIGURES ARE AS OF 1/3/97

FEDERAL FIREARMS LICENSES

(BY STATE) JANUARY 3, 1997



FEDERAL FIREARMS LICENSEE POPULATION

September 1993 — January 1997

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
AL	1,943	3,522	4,104	2,161	52.66%
AK	1,561	2,995	3,409	1,848	54.21%
AZ	2,142	4,258	4,714	2,572	54.56%
AR	1,752	3,371	3,886	2,134	54.92
CA	8,827	20,998	23,865	15,038	63.01%
CO	2,217	4,059	5,004	2,877	57.49%
CT	1,533	3,465	3,960	2,427	61.29%
DE	246	552	585	339	57.95%
FL	5,199	11,047	12,406	7,207	58.95%
GA	3,292	6,336	7,164	3,872	54.05%
GU	50	90	89	39	43.82%
HI	274	771	911	637	69.92%
ID	1,295	2,362	2,591	1,296	50.02%
IL	4,426	8,758	10,273	5,847	56.92%
IN	3,137	5,858	6,345	3,208	50.56%
IA	1,938	3,684	4,173	2,235	53.56%
KS	1,750	3,554	4,056	2,306	56.85%
KY	2,344	4,714	5,302	2,958	55.79%
LA	2,061	4,657	5,609	3,548	63.26%
ME	973	2,094	2,392	1,419	59.32%

*Violent Crime Control and Law Enforcement Act of 1994

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
MD	1,661	3,559	3,864	2,203	57.01%
MA	2,293	4,412	4,498	2,605	53.18%
MI	5,546	11,749	13,264	7,718	58.19%
MN	2,943	5,564	6,246	3,303	52.88%
MS	1,781	3,307	3,702	1,921	51.89%
MO	4,086	7,902	8,940	4,854	54.30%
MT	1,822	3,157	3,398	1,576	46.38%
NE	1,254	2,548	2,922	1,668	57.08%
NV	936	2,017	2,288	1,352	59.09%
NH	854	1,617	1,770	916	51.75%
NJ	979	1,910	2,159	1,180	54.65%
NM	1,062	1,984	2,237	1,175	52.53%
NY	4,829	10,147	11,357	6,528	57.48%
NC	3,449	6,525	7,627	4,178	54.78%
ND	783	1,522	1,729	946	54.71%
OH	4,657	9,151	10,401	5,744	55.23%
OK	2,285	4,368	4,727	2,442	51.66%
OR	2,596	4,779	5,331	2,735	51.30%
PA	6,002	12,108	13,480	7,478	55.47%
PR	96	167	189	93	49.21%
RI	333	641	722	389	53.88%
SC	1,365	2,539	2,869	1,504	52.42%

*Violent Crime Control and Law Enforcement Act of 1994

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
SD	784	1,460	1,706	922	54.04%
TN	2,592	4,892	5,595	3,003	53.67%
TX	9,187	18,314	20,601	11,414	55.41%
UT	1,047	2,136	2,341	1,294	55.28%
VT	729	1,480	1,686	957	56.76%
VA	3,245	6,903	7,877	4,632	58.80%
WA	2,578	5,816	6,394	3,816	59.68%
WV	1,679	3,161	3,561	1,882	52.85%
WI	2,965	5,871	6,471	3,506	54.18%
WY	967	1,704	1,904	937	49.21%

Current Total FFLs: 124,286

1993 Total FFLs: 287,000

*Violent Crime Control and Law Enforcement Act of 1994

RESULTS OF FEDERAL-LOCAL JOINT INSPECTIONS OF FEDERAL FIREARMS LICENSEES

Federal, local, or joint federal-local inspections of FFLs were undertaken after enactment of the Violent Crime Control and Law Enforcement Act of 1994, which required that as a condition of being licensed, FFLs certify compliance with state and local laws applying to their business and notify local chief law enforcement officers of their intent to enter the gun business.

Baltimore, MD:	114 FFLs in 1993; 62 in 1996.
Berkeley, CA:	34 in 1993; 2 in 1996
Boston, MA:	119 in 1994; 36 in 1996
Chicago, IL:	256 in 1992; 11 in 1996.
Denver, CO:	372 in January 1994; 139 in July 1994.
Detroit, MI:	468 in 1992; 92 in 1996.
Los Angeles, CA: (County)	4436 in 1993; 2247 in 1996.
Louisville, KY:	450 in 1993; 165 (approx.) in 1996.
New Orleans, LA:	90 in June 1995; 39 in 1996.
New York City, NY:	987 in 1993; 259 in 1996
Pueblo, CO: (County)	109 in 1993; 44 in 1996
San Antonio, TX: (Bexar County)	1108 in 1994; 528 in 1996.
San Francisco, CA:	155 in 1993; 10 in 1996
San Francisco, CA: (County)	517 in 1993; 160 (approx.) in 1996.
Virgin Islands, VI:	50 in 1994; 31 in 1996.
Washington, DC:	55 in 1993; 11 in 1997.

III. STRENGTHENED LAW ENFORCEMENT AGAINST THE ILLEGAL FIREARMS MARKET

While the Brady law and improved screening of federally licensed gun dealers are making it increasingly difficult for criminals and juveniles to buy handguns and other firearms in gun stores, criminals continue to try to obtain firearms in the illegal market. We have increased efforts to reduce the criminal market in guns by stepping up law enforcement against gun traffickers. As directed by the President, ATF has increased crime gun tracing for state and local law enforcement agencies, improved crime gun tracing capabilities, expanded law enforcement efforts against illegal traffickers, and intensified cooperative efforts with state and local law enforcement agencies.

Expanded Use of Crime Gun Tracing As a Law Enforcement Tool

A *crime gun* is a gun recovered by law enforcement usually because it is either illegally possessed or used. A National Tracing Center (NTC) *crime gun trace* seeks to identify the first retail seller of the gun, its first retail purchaser, and in some cases, subsequent sales as well. A successful trace can be helpful in two ways. Law enforcement uses tracing to help solve a crime by establishing a link between the crime weapon and a specific suspect. More recently, law enforcement has begun using tracing to develop information about the illegal gun market.

By identifying a criminal firearms transfer, a crime gun trace can provide important leads in investigating illegal gun transactions. For instance, if the gun was bought only a short time before but is recovered from someone different than the purchaser, the buyer may have been a straw purchaser for the criminal in possession. When numerous crime gun traces

from a jurisdiction are analyzed, patterns are identifiable that can be used to facilitate investigations of FFL traffickers, other traffickers, and straw purchasers.

More and Faster Crime Gun Traces

Our goal is to ensure that law enforcement traces every crime gun recovered. ATF's NTC has increased the number of crime gun traces it performs in response to local law enforcement requests. In 1993, ATF provided trace information for 55,208 crime guns submitted by law enforcement, within an average response time of 13 days. In 1996, ATF responded to over 130,000 trace requests, within an average time of 9.4 days. Within two years, ATF expects to trace approximately 200,000 crime guns annually.

Firearms wholesalers are beginning to assist the NTC in speeding up the time it takes to perform a crime gun trace, by electronically linking their dealer sales records with the NTC trace records system.

More Informative Crime Gun Traces

As directed by the President, ATF has improved crime gun tracing capabilities by making more effective use of records showing multiple sales of handguns to a single buyer and by establishing more efficient access to out-of-business records of FFLs. The NTC has also developed Project LEAD, a computer link-analysis system that identifies patterns in the distribution of traced guns that are indicative of potential criminal activity.

The NTC provided automated access to licensees' multiple handgun sales reports by serial number so that they can be accessed in crime gun tracing. In July 1994, ATF revised the multiple sales report to require the reporting of firearms serial numbers. In 1995, ATF required

that multiple sales reports be maintained and automated at the NTC, instead of filed in ATF's field divisions. The reports are now entered directly into the NTC's firearms tracing system and used for crime gun tracing. As of June 30, 1996, ATF had automated about 91,600 multiple sales reports and used them in responding to 521 firearms trace requests. ATF estimates that in the future, the NTC will receive 130,000 multiple sales reports annually. Multiple sales records are proving a valuable source of investigative information about crime guns.

The NTC also has expanded its use of firearms transaction records of out-of-business licensees in crime gun tracing. In 1993, the National Tracing Center developed the Computer Assisted Retrieval System (CARS), which supplied an indexing feature to the microfilm storage system of out-of-business records. Indexing improved the tracing process by identifying the microfilm locations on all out-of-business dealer records and serial numbers of firearms sold. The CARS only allows microfilmed records to be indexed by whether or not ATF has a trace-related record. The system does not permit the operator to enter the name of any firearm purchaser, the name of any licensee, or even the type or model of the firearm. Nevertheless, because it permits searches by license number and by serial number, the CARS has greatly expedited crime gun tracing.

Development of Project LEAD To Find Patterns in Crime Gun Traces

To assist law enforcement in targeting illegal firearms traffickers, ATF developed Project LEAD, an automated illegal firearms trafficking information system that links information gathered by ATF's NTC. Project LEAD software assembles information gathered from crime gun traces, multiple purchase information, and associated data. Law enforcement can use it to find recurring patterns that point to potential illegal firearms traffickers, including dealers, interstate and intrastate traffickers, and straw purchasers. These investigative leads allow ATF investigators to focus on areas where they can have the most impact on illegal firearms

trafficking and armed violent crime. ATF began developing Project LEAD in 1991, and deployed it in all its field divisions by January 1996. Continuously being improved, Project LEAD is a key investigative tool and the cornerstone for a new federal enforcement strategy against illegal gun trafficking.

Use of Ballistics Identification System to Help Identify Traffickers

ATF is developing advanced ballistics identification technology that will allow law enforcement to link recovered bullets with crime guns. This will facilitate the identification of both traffickers and other criminals.

Expanded Law Enforcement Activity Against Illegal Traffickers

As directed by the President, ATF has further increased law enforcement efforts against illegal traffickers by starting two new trafficking programs.

New National Firearms Trafficking Strategy

ATF began developing a national trafficking strategy in 1993 to disarm violent criminals, and use the expanded analytical capabilities of Project LEAD to support more focused investigations. The National Firearms Trafficking Strategy calls for identifying, apprehending, and referring for prosecution those individuals and organizations dedicated to acquiring firearms for the principal purpose of making firearms available to criminals. The strategy is integrated with ATF's other primary law enforcement mission, targeting armed violent criminals. Elimination of sources of firearms to career criminals, drug traffickers, and other violent offenders is now central to ATF's investigations of the most dangerous violent offenders. In addition, when foreign countries trace

crime-related firearms, traffickers located in the United States who are illegally smuggling firearms into other countries can be identified. In 1996, ATF recommended 2,230 trafficking defendants for prosecution, who were responsible for trafficking at least 34,491 firearms. Some examples of trafficking cases:

FFL Trafficker To Criminals and Juveniles, Kansas City, Kansas. In 1996, a Kansas City federal judge sentenced an FFL with a store in Kansas City to nearly six years in prison, after he pled guilty to illegally selling more than 1,300 guns on the streets of Kansas City. More than 200 firearms were recovered from crime scenes, including eight homicides; drug houses; and juveniles, as far away as New York and California were traced back to the FFL.

Corrupt FFL, Gang Trafficker, Whittier, California. Using information from the NTC's investigative software, Project LEAD, ATF identified an FFL in Whittier, California, as a source of crime guns to gang members. The traced guns were among 1,700 crime guns sold illegally by the FFL over a four-year period to local gang members and juveniles. The FFL, who made sales at his home, gun shows, and flea markets, pled guilty and was sentenced in February 1996 to 18 months' incarceration. The gang member who acted as the trafficker-distributor was convicted and sentenced to 27 months' incarceration.

Corrupt FFL, Temple Hills, Maryland. Approximately 200 crime guns, used throughout the country in homicide, robbery, assaults on police officers, and burglaries, were traced to a Maryland FFL who was selling with an expired state license, a violation of federal and state law. The dealer pled guilty to federal violations in December 1996.

Drug and Gun Trafficking FFLs, Virginia. Two FFLs were convicted to 120 months and 248 months for converting weapons to fully automatic fire and trading narcotics for firearms.

Interstate Trafficker, Gang Supplier, Chicago, Illinois. This trafficker traveled from Chicago, Illinois, to Terra Haute, Indiana, to buy 20 firearms from an FFL, obliterating the serial numbers in preparation for selling them to

gang members and narcotics traffickers on Chicago's south side. Admitting to trafficking 400 to 500 firearms with obliterated serial numbers, the defendant pled guilty in 1995 and was sentenced to 27 months' incarceration followed by three years of supervised release.

Interstate and Intrastate Straw Purchaser-Trafficker for Gangs, Chicago, Illinois. Chicago Police Department's Organized Crime Unit and ATF teamed up to investigate and arrest trafficker operating on Chicago's north side, who made straw purchases at a variety of FFLs, in and out of Illinois. The trafficker obliterated the firearms' serial numbers and sold the guns to gang members. A federal judge in 1996 sentenced the trafficker to one year in prison, followed by two years of supervised release.

FFL Burglary, Athens, Georgia. Two defendants were sentenced in 1995 to 260 months and 97 months' incarceration respectively, for the burglary of over 600 firearms from an Athens, Georgia, FFL. It was the single largest theft of firearms in Georgia history.

String of FFL Thefts by Gang Members, Los Angeles, California. After 21 burglaries from FFL dealers around Los Angeles and the theft of over 1,000 firearms, an investigation led in 1995 to three guilty pleas by Main Street Crips members and convictions of an additional three gang members in connection with the stolen firearms. Sentences ranged from 27 months to 15 years.

The Youth Crime Gun Interdiction Initiative

In July, the President announced the Youth Crime Gun Interdiction Initiative (YCGII), a program involving 17 local police departments in a coordinated effort with ATF, the Justice Department, and local prosecutors to learn how guns reach young people and to ensure that stopping trafficking to youth becomes a part of community policing. The YCGII builds on, and is a component of, ATF's overall trafficking strategy. In addition to seeking to reduce the

illegal supply of firearms by building federal cases against the sources of crime guns, the YCGII is bringing federal, state, and local law enforcement officials together to develop local strategies against youth gun and gang violence. Local police departments are developing com-

prehensive trace information on all crime guns seized. Based on patterns found in that trace information, law enforcement strategies and priorities will be set jointly by federal and local law enforcement. The YCGII will be the subject of a separate report.

IV. NEW KNOWLEDGE ABOUT ILLEGAL GUN TRAFFICKERS

Case and trace information are providing law enforcement with a clearer picture of the illegal market in guns, enabling more focused use of enforcement resources. New information:

Prior Criminal Records. A random sampling of the first six months of National Firearms Trafficking Strategy cases indicates that most traffickers have arrest records, and 18% of the traffickers have felony convictions.

Handguns Preferred. Handguns are the firearms most likely to be illegally trafficked. Inexpensive handguns are favored by illegal traffickers.

In-State Trafficking. The largest single source of illegal firearms in a state is likely to be from within the state itself. However, while proportions vary, many illegally trafficked firearms are from out of state. Illegally trafficked interstate firearms tend to flow from areas with less restrictive firearms laws (source areas) to those areas with more restrictive firearms laws (market areas). I-95 along the East Coast has been referred to as the Iron Pipeline due to the large number of firearms trafficked along it, generally south to north.

Significant Diversion to the Illegal Gun Market From FFLs. There is a large problem of diversion to the illegal market from licensed gun establishments. A 1994 examination showed that of the 120,370 crime guns that were traced to purchases from the FFLs then in

business, 27.7%, of these firearms were seized by law enforcement in connection with a crime within two years of the original sale. This rapid "time to crime" of a gun purchased from an FFL is a strong indicator that the initial seller or purchaser may have been engaged in unlawful activity.

Multiple Means of Illegal Diversion From FFLs. Over-the-counter purchases are not the only means by which guns reach the illegal market from FFLs. FFLs have reported 23,775 guns as lost, stolen, or missing since September 13, 1994, when the Violent Crime Control and Law Enforcement Act first made reporting these guns a requirement. FFLs also are used by gun traffickers who sell firearms at a profit in-state; traffickers who buy guns in loosely regulated jurisdictions and resell them where laws are more restrictive; and straw purchasers who buy guns on behalf of those prohibited because of their age, or because they fall within other categories of prohibited persons.

Relatively Few Involved FFLs. The problem of diversion to the criminal gun market from FFLs is concentrated: in mid-1996, about 60% of successfully traced crime guns originated with 1% of the FFLs. A random sample of the first six months of trafficking strategy cases found that 5% of the prosecutions recommended were against FFLs.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.Copy/NOI FOR DISSEM.
456-7028
Dennis Burke

SECRETARY OF THE TREASURY

1-29-97

MEMORANDUM TO THE PRESIDENT

FROM: Robert E. Rubin *RE*

SUBJECT: Gun Dealer Licensing and Illegal Gun Trafficking

I am pleased to forward to you the attached report on gun dealer licensing and illegal gun trafficking. It reports on two elements of our strategy to suppress illegal gun availability -- strengthening the licensing requirements for federal firearms licensees and increasing law enforcement efforts against gun traffickers.

In three years, the number of federal firearms licensees has fallen by more than half, a drop reflected in states across the country. The remaining gun dealers have been subjected to heightened screening. Greater law enforcement focus on gun traffickers, facilitated by new methods of crime gun tracing analysis, is making it increasingly difficult for scofflaw gun dealers and traffickers to conduct their illegal operations.

Combined with the Brady law, these measures will help prevent the legal firearms market in our country from being a source of firearms for criminals and juveniles, while preserving legitimate access to firearms. I am confident that we can continue to build on these accomplishments during the next four years.



DATE: 1/30/94
PAGE: 3A

Report finds 57% drop in gun dealers

Treasury Department cites 1993 Brady law

By Gary Fields
USA TODAY

The number of federally licensed gun dealers dropped dramatically in the three years since Congress passed the Brady law, a Treasury Department report released Wednesday shows.

The number of licensed gun dealers nationally dropped from 286,500 in 1993 to 124,286 last year, the lowest level since 1975.

Raymond Kelly, undersecretary for enforcement at the Treasury Department, attributed the 57% drop to stricter licensing requirements. The Treasury Department oversees the Bureau of Alcohol, Tobacco and Firearms.

Under the 1993 Brady law and the 1994 Violent Crime and Control and Law Enforcement Act, the cost of a gun dealer's three-year license rose from \$10 a year to \$200.

Other new licensing requirements included:

- ▶ submitting photographs.
- ▶ having fingerprints taken.
- ▶ face-to-face inspections by Bureau of Alcohol, Tobacco and Firearms personnel.
- ▶ notifying local authorities of intentions to become a gun dealer.

In a statement, President Clinton said the report was proof that the administration's strategy to "restrict the ability of criminals and juveniles to obtain firearms" was working.

"Fly-by-night gun traffickers no longer have the cover of federal law to peddle their weapons," the president said.

Kelly said 647 applications have been turned down since October 1993 because the applicants had criminal convictions.

But Chip Walker, spokesman for the National Rifle Association, said the "implication that these people are somehow engaged in illegal activity simply cannot be upheld."

Walker says it is more likely that many of the dealers who didn't renew licenses rarely sold any firearms. A General Accounting Office report released last March, found that 46% of the licensees inspected in 1992 and 1993 had sold no firearms in the previous 12 months. And another 34% had sold one to 10 firearms.

"Clearly many of these people for economic reasons had said why go through this hassle when I'm not going to make my \$200 worth," said Walker.

ganization is properly managed, and I don't think it is." He offered no further specifics on what was wrong.

Mr. Knox said he would be "more parsimonious" than Mr. LaPierre had been with the N.R.A.'s checkbook, citing only the group's "over-exuberant membership drive."

Wilson Phillips, the group's treasurer, said the N.R.A. was "secure financially." He said the group has \$45 million in the bank, but had \$80 million in 1991, "and everyone would like to see that cash put back."

The cash was invested in major projects, including a new headquarters and a computer system that can reach 10,000 voters in a Congressional district over a weekend.

Sue King, a board member and erstwhile member of Mr. Knox's inner circle, said Mr. Knox was deliberately vague about allegations of financial problems because, as an officer himself, he was equally responsible.

"Neal can't afford to complain," she said. "So many of his indictments of Wayne would be indictments of himself. Many of our financial problems resulted from actions mandated by the board — for Wayne to go out and spend \$5 million here or \$4 million there. It happened on Neal's watch."

Mr. Knox acknowledged that he has long been accused of being an extremist, but contended that his remarks have been taken out of context. His bedrock value, he said, is that being armed means being free. "If Jews had had guns, we wouldn't have seen what happened," he said.

He also said the 1968 gun control act was based on a 1938 Nazi law, indirectly equating gun-control advocates with Hitler.

Through his columns in "Shotgun News," Mr. Knox has suggested that the assassination of the Rev. Dr. Martin Luther King Jr. was timed by

"anti-gunners" to win gun-control votes in the Senate. "Is it possible," he wrote in 1994, referring to the King assassination and various mass killings, "that some of those incidents could have been created for the purpose of disarming the people of the free world?"

He has also suggested that the United States erred in Somalia in 1993 by trying to disarm the Somalis; rather, he said, it should have armed Somali mothers with AK-47's.

New Rules Mean 49% Fewer Gun Dealers

■ **Government:** Many 'kitchen table' sellers who were a source of firearms used in crimes have been weeded out, officials say.

By **ROBERT L. JACKSON**
TIMES STAFF WRITER

WASHINGTON—Tighter federal regulations have squeezed out thousands of unscrupulous firearms dealers, resulting in a drop of almost 50% in the number of licensed gun dealers in Los Angeles County and across the nation, Treasury Department officials said Wednesday.

Reporting on the so-called Brady bill, which requires a waiting period before a handgun can be purchased, and other regulations that took effect in 1994, the officials said that the new rules—including a fingerprinting requirement and notification of local police—have weeded out many "kitchen table" dealers who were a principal source of handguns used in crime.

The number of licensed dealers decreased 56% nationally, with Los Angeles County recording a 49% drop and California as a whole declining 63%, officials said.

Raymond W. Kelly, Treasury's enforcement chief, said the new regulations have contributed to the drop in violent crime and

gun-related crimes reported by the FBI in recent years.

"All we wanted to do is tighten up and make sure that people were legitimately in the [firearms] business," Kelly said.

In a report to President Clinton, the Treasury Department said that applicants for federal firearms licenses now must notify local police, must be fingerprinted and photographed and must have a face-to-face interview with an agent of Treasury's Bureau of Alcohol, Tobacco and Firearms. Application fees have risen from \$10 a year to \$200 for three years.

Applicants also must "certify compliance with all state and local laws that apply to their business" and demonstrate that they have legitimate business premises, Kelly said.

"No longer do we have kitchen-table dealers who for \$10 got a license to sell guns, frequently in violation of federal or local laws," he said.

Overall, the number of licensed gun dealers nationwide has dropped from 286,500 in 1993 to 124,286 currently. In Los Angeles County, the numbers have gone from 4,436 to 2,247 and in Cali-

fornia from 23,865 to 8,827.

Officials said California has the second-highest total among states. Texas, with a 55% drop, still has the most licensed gun dealers, with 9,187.

Among urban areas, New York City had one of the steepest decreases, from 987 to 259 licensed dealers, said Kelly, a former New York City police commissioner. New York once had an inordinate number of fly-by-night operators, he said.

But Los Angeles' problems with unscrupulous firearms dealers differ from those of other big cities in one respect—gangs. Los Angeles' gang problem is bigger and more entrenched than that of any other city in the country, authorities say.

"We found a number of instances where people with federal firearms licenses were selling guns, without keeping records, and these guns were going directly to gang members," said John D'Angelo, spokesman for the ATF's Los Angeles office. "One Southern California dealer we tracked sold about 1,700 guns, many of them to gang members."

Officials noted that Clinton had once observed that under the old licensing system, it was "easier to obtain a license to sell guns commercially than to get a driver's license."

The president, after receiving the Treasury report, issued a statement that said in part: "From the beginning of my administration, a key element of our overall crime strategy has been to restrict the ability of criminals and juveniles to obtain firearms. This report is additional proof that this strategy is working."

Because of stricter new licensing rules, thousands of dealers have decided against applying for new three-year permits and more than 600 applicants have been rejected because of criminal records that make them ineligible under the updated regulations, officials said.

The report said the new licensing regulations have gone hand-in-hand with the Brady law, which requires a background check and a five-day waiting period for the purchase of handguns.

Because the number of dealers has decreased, officials said they assumed—but could not document—that overall sales of firearms have gone down, especially for handguns. The decrease in dealerships also has made it easier for ATF agents to trace handguns used in crimes to original purchasers, they said.

Times staff writer Miles Corwin contributed to this story.

Toughened laws for gun dealers slash numbers

ASSOCIATED PRESS

Three years after rewriting requirements for getting a gun dealer's license, the government says the number of federally licensed dealers has plummeted nearly 57 percent to the lowest level in 22 years.

Dealers dropped to 124,286 early this month from 286,531 in September 1993. Locally, licensed Virginia dealers fell 58.8 percent, from 7,877 to 3,245; Maryland dropped 57 percent, from 3,864 to 1,661.

In California, the number of gun dealers has fallen by 15,000 in the last three years to 8,827. Texas has 9,187 gun dealers today, 11,000 fewer than it did three years ago. Florida fell from 12,406 to 5,199.

Requirements that gun sellers provide fingerprints and meet face to face with federal inspectors, as well as higher application fees and more inspections of gun shops, have helped weed out people who used to obtain licenses even though they didn't operate legitimate gun stores, said Raymond Kelly, undersecretary for enforcement at the Treasury Department.

Opponents of gun control said the number of federally licensed gun dealers has dropped so dramatically because higher fees and state zoning laws are forcing out legitimate mom-and-pop dealers.

"In many rural areas, there's just a local licensee," said Chip Walker, a spokesman for the National Rifle Association. "A lot of people are saying, 'To heck with it, it's not economically feasible.'"

He said a General Accounting Office audit last year showed that the majority of gun dealers who didn't renew their licenses sold

fewer than six guns a year.

"The people who are dropping out are not those who sell hundreds and hundreds of guns, but people who live on farms and use their license to supplement their income," Mr. Walker said.

About 2,600 gun dealers volunteered to give up their licenses and 301 had their licenses revoked. Mr. Kelly, a former New York City police chief, said that proves the new requirements are working.

"Three years ago the United States was awash in what I call marginal federal firearms licens-

ees," said Mr. Kelly, whose office oversees the Bureau of Alcohol, Tobacco and Firearms. "Many of them were no more than kitchen table dealers."

In 1993, under a presidential directive, the ATF started requiring gun-license applicants to give more information and show they have a legitimate business. Fingerprints and photographs were gathered for criminal checks. The agency also raised fees for three-year licenses from \$10 to \$200, and for renewals from \$10 to \$90.

A 1994 law required applicants to promise to obey state and local laws. The Brady Law added a five-day waiting period and background check for handgun sales. At the same time, the ATF stepped up inspections of gun shops and started requiring applicants to meet with inspectors.

Fewer applicants passed muster under the new policies.

The current number of dealers is the lowest since the ATF began keeping complete records on gun licenses in 1975. It is expected to fall to between 100,000 to 115,000 by the fall.

**A Progress
Report:**

Gun Dealer Licensing & Illegal Gun Trafficking

Department of the Treasury
Office of the Under Secretary of Enforcement
Bureau of Alcohol, Tobacco, and Firearms



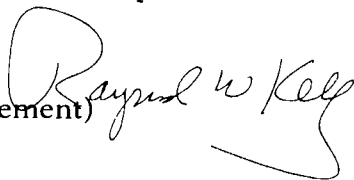
January 1997



DEPARTMENT OF THE TREASURY
WASHINGTON, DC 20226

UNDER SECRETARY

MEMORANDUM FOR SECRETARY RUBIN

FROM: Raymond W. Kelly
Under Secretary (Enforcement) 

SUBJECT: Gun Dealer Licensing and Illegal Gun Trafficking

As directed by the President, the Department of the Treasury has taken important steps to reduce the illegal availability of firearms to criminals and juveniles. This report describes what has been accomplished as a result of these actions.

Virtually all new firearms used in crime first pass through the legitimate distribution system of federally licensed firearms dealers. To reduce the flow of guns to criminals and juveniles, the President directed that firearms purchasers be screened more effectively, the system for licensing gun dealers be strengthened, and their compliance with applicable laws and regulations be assured. Beginning in 1993, the Brady law required background checks on handgun purchasers. In addition, new laws, implementing regulations, and enforcement policies now ensure that only those engaged in legitimate commercial gun business can obtain a federal firearms license. New federal firearms license applicants must now (1) provide fingerprints and identification photographs for purposes of background checks; (2) have face-to-face interviews with federal inspectors, and demonstrate that they have business premises; (3) notify their state or local chief law enforcement officer of their intent to enter the gun business; (4) certify compliance with all state and local laws that apply to their business; and (5) pay a three-year fee of \$200, and a \$90 three-year renewal fee. In 1993, there were approximately 286,500 federal firearms licensees (FFLs); the number now is 124,286 -- a 56% reduction. Virtually all states have reduced their FFL population by at least half. The marginal FFLs that were not renewed had no business premises, or were in violation of federal or local laws.

To further reduce illegal access to guns by criminals and young people, the President directed in August 1993 that tracing of crime guns recovered by law enforcement be improved and federal-state efforts against gun traffickers be increased. Since then, the Bureau of Alcohol, Tobacco, and Firearms' (ATF) National Tracing Center has provided trace information on approximately 320,000 crime guns and increased the annual crime gun trace rate by two and a half times. In January 1996, ATF began a new nationwide strategy aimed at illegal gun traffickers and corrupt gun dealers, using information from crime gun trace analysis to facilitate investigations and target major traffickers. By the end of the year, ATF had recommended for prosecution 2,230 trafficking defendants, who were responsible for trafficking over 34,000 firearms. I will be reporting separately to you on the Youth Crime Gun Interdiction Initiative, an initiative that you joined the President in announcing in July, aimed at reducing young people's illegal access to firearms.

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I. A STRATEGY TO REDUCE ILLEGAL AVAILABILITY OF FIREARMS

President Clinton has identified “the ease with which criminals, the mentally deranged, and even children can acquire firearms” as a major national problem. He also has established the specific goal of making it more difficult for guns in legitimate distribution to pass into the illegal gun market and the hands of criminals; juveniles; and others prohibited by federal, state, and local laws from owning firearms.

As immediate steps toward this end, the President directed the Secretary of the Treasury to ensure that the Bureau of Alcohol, Tobacco and Firearms (ATF) strengthen federal gun dealer licensing requirements and expand federal-state-local law enforcement efforts against illegal gun traffickers. ATF has launched new programs to carry out the President’s directive. In addition, Congress passed and the President signed new laws aimed at reducing the availability and use of firearms by criminals, young people, and others.

The President also directed that federal gun dealers obtain more reliable identification from gun purchasers to prevent sales to criminals, juveniles, and mentally deranged people. The Brady law requires handgun purchasers to

show identification that is government issued and includes a photograph.

The Brady law also provides for, in those states that did not already require a background check, a five-day waiting period and background check on the transfer of a handgun by a federal firearms licensee to a non-licensee. Under the Gun Control Act, nine categories of purchasers are prohibited from buying firearms, including handguns. These include felons, fugitives, illegal drug users, persons adjudicated mentally ill, illegal aliens, persons dishonorably discharged from the Armed Forces, persons who have renounced their U.S. citizenship, persons under a restraining order for domestic harassment, and persons who have committed a misdemeanor crime involving domestic violence.

The Brady law’s requirements for handgun purchases, the strengthening of gun dealer licensing requirements, and expanded law enforcement activity against gun traffickers — these three approaches combined constitute a strategy that will continue to reduce illegal access to firearms by criminals and juveniles.

II. IMPROVED FEDERAL FIREARMS LICENSING SYSTEM

As directed by the President, ATF is making the federal licensing system less vulnerable to exploitation by corrupt dealers, illegal gun users, and traffickers. The President observed that the system made it easier to obtain a license to sell guns commercially than to get a driver's license and that it enabled many people who should not be licensed to get licenses. Since the President issued his directive in 1993, however, the number of federally firearms licensees (FFLs) has fallen from 287,000 to approximately 124,000. (There are 11 categories of FFLs, including dealers, importers, manufacturers, and collectors. All but approximately 20,000 are gun dealers.)

Federal firearms licenses are issued for a three-year period. The first cycle of application renewals under the new requirements will be complete in September 1997. All licensees will have submitted new applications, provided fingerprints and photographs, completed state or local chief law enforcement officer notification, and certified compliance with state and local law. By the fall of 1997, ATF estimates that the number will diminish further, to approximately 100,00 to 115,000 FFLs nationwide.

Changes in the Federal Firearms Licensee Application Process

The reduction in FFLs is due to new laws, implementing regulations, and enforcement policies that ensure that only those engaged in legitimate commercial gun business can obtain a license. FFL dealer applicants must now (1) provide fingerprints and identification photographs for purposes of background checks; (2) have face-to-face interviews with federal inspectors, and demonstrate that they have business premises; (3) notify their local chief law enforcement officer of their intent to enter the gun business; (4) certify compliance with all

state and local laws that apply to their business; and (5) pay a three-year fee of \$200, and a three-year renewal fee of \$90.

Better Identification

In December 1993, ATF revised the application for an FFL to require fingerprints, photographs, and information establishing an applicant's intent to conduct a firearms business. In September 1994, the Violent Crime Control and Law Enforcement Act made the requirement for fingerprints and a photograph a statutory requirement.

Streamlined Application Process

ATF also streamlined the application process. The length of the application has been reduced from seven to two pages. Also, an applicant who successfully completes an initial review is required to file only a short renewal application form every three years. The renewal form simply calls for updated certifications of compliance with applicable laws and for any changes in the information contained in the original application.

Licensed gun collectors now have a separate application form. The new form states that the collector's license is exclusively for the purpose of facilitating the personal collection of firearms classified as curios or relics and does not authorize the licensee to engage in the business of buying and selling firearms.

Increased Fee

In 1993, the Federal Firearms License Reform Act increased the initial FFL fee from \$10 to \$200.

Added Inspections

As directed by the President, ATF has increased field inspections of federally licensed gun

dealers and improved the thoroughness and effectiveness of background checks in screening dealer license applicants. ATF now conducts application inspections on all new applicants and all renewal applicants, except those located at commercial premises that have been inspected within the last three years. Each new applicant has a face-to-face interview with an ATF inspector, during which eligibility requirements for a license are discussed.

Federal-local Cooperation on Licensing Enforcement

The President's memorandum directed increased federal cooperation with state and local law enforcement to address licensing problems. At the time the directive was issued, a gun dealer could be in compliance with federal requirements and hold a federal firearms license even if the business was in violation of state laws and local ordinances applicable to it. The Violent Crime Control and Law Enforcement Act of 1994 corrected this problem by requiring that gun dealer applicants certify compliance with state and local laws. It also required that applicants notify their local chief law enforcement officer of their intent to carry on a firearms business. Gun dealer license application forms include these requirements.

ATF has assisted a number of communities in joint enforcement efforts to ensure that licens-

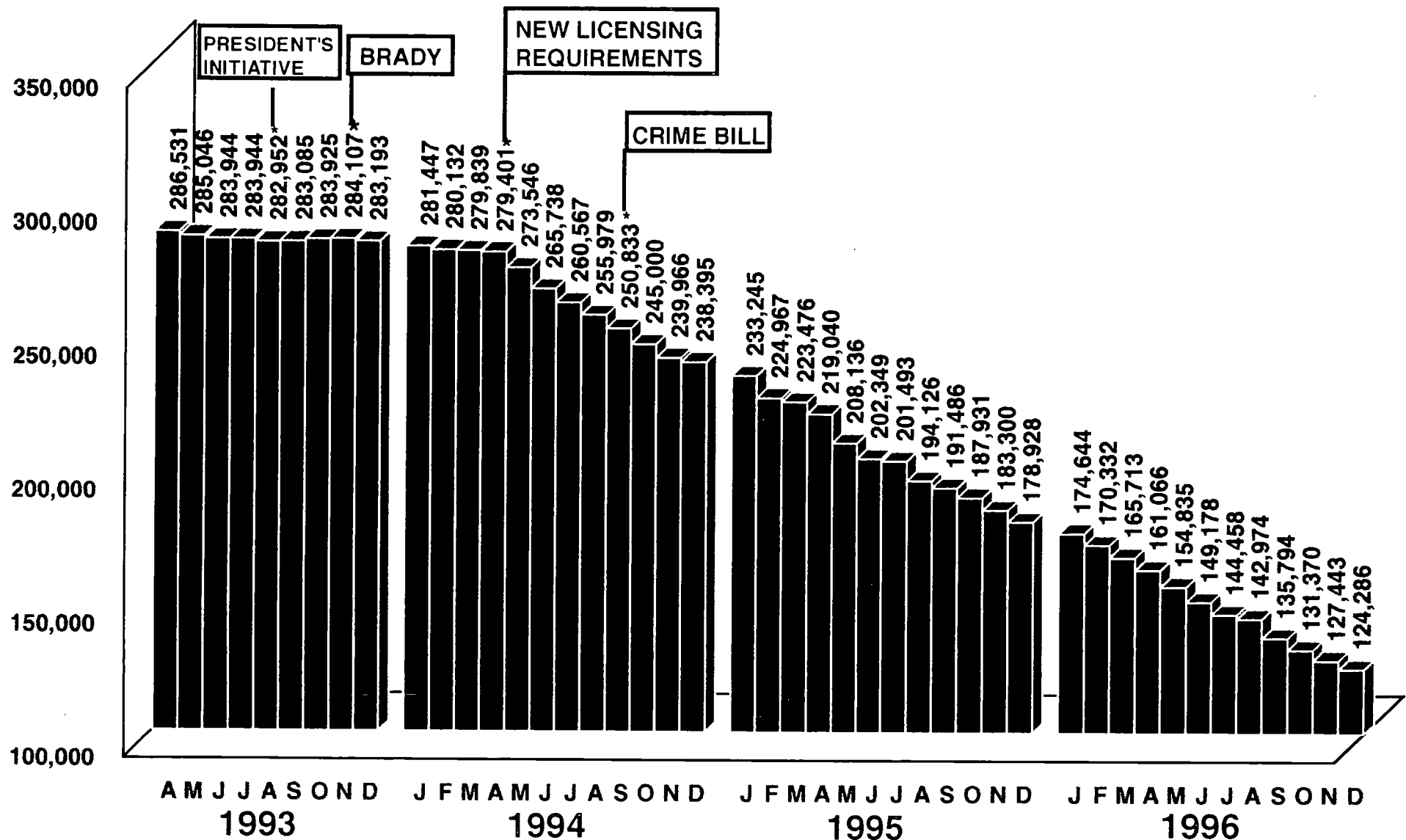
ees comply with federal, state, and local laws. For example, the city of Berkeley, California, enacted ordinances that prohibit firearms sales from a residence. ATF provided the city of Berkeley with a computer printout of all the FFLs in the city, 34 of them. Teams consisting of a Berkeley police officer and an ATF inspector conducted face-to-face interviews with each of these 34 dealers. The city of Berkeley now has only two federally licensed gun dealers.

Joint inspection programs have been completed or are still in progress in numerous other cities and jurisdictions throughout the country. The reduction in numbers does not represent a reduction in viable businesses but rather in licensees who were not in compliance with state and local laws. Other factors include the increase in licensing fees mandated by the Brady law, and the 1994 Violent Crime Control and Law Enforcement Act's requirements that local chief law enforcement officers be notified of gun dealers' intent to enter the business, and that fingerprints and photographs be provided in order to facilitate a criminal records check.

The attached charts show the decline on a national basis in both federal firearms licensees and in license applicants, the decline in FFLs state by state, and the results of city-wide joint federal-local inspections.

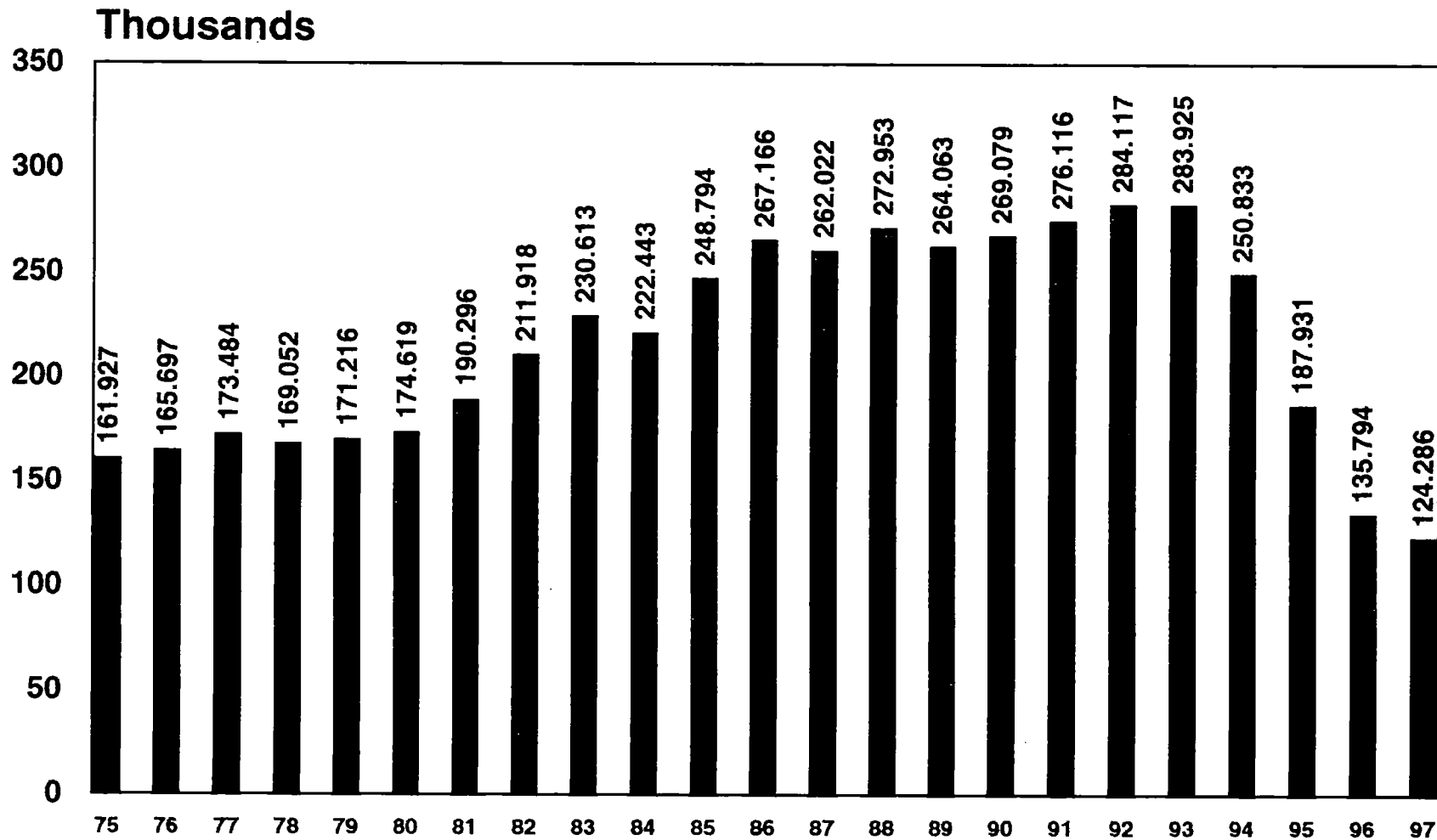
FEDERAL FIREARMS LICENSES

APRIL 1993 - DECEMBER 1996



FEDERAL FIREARMS LICENSEE POPULATION

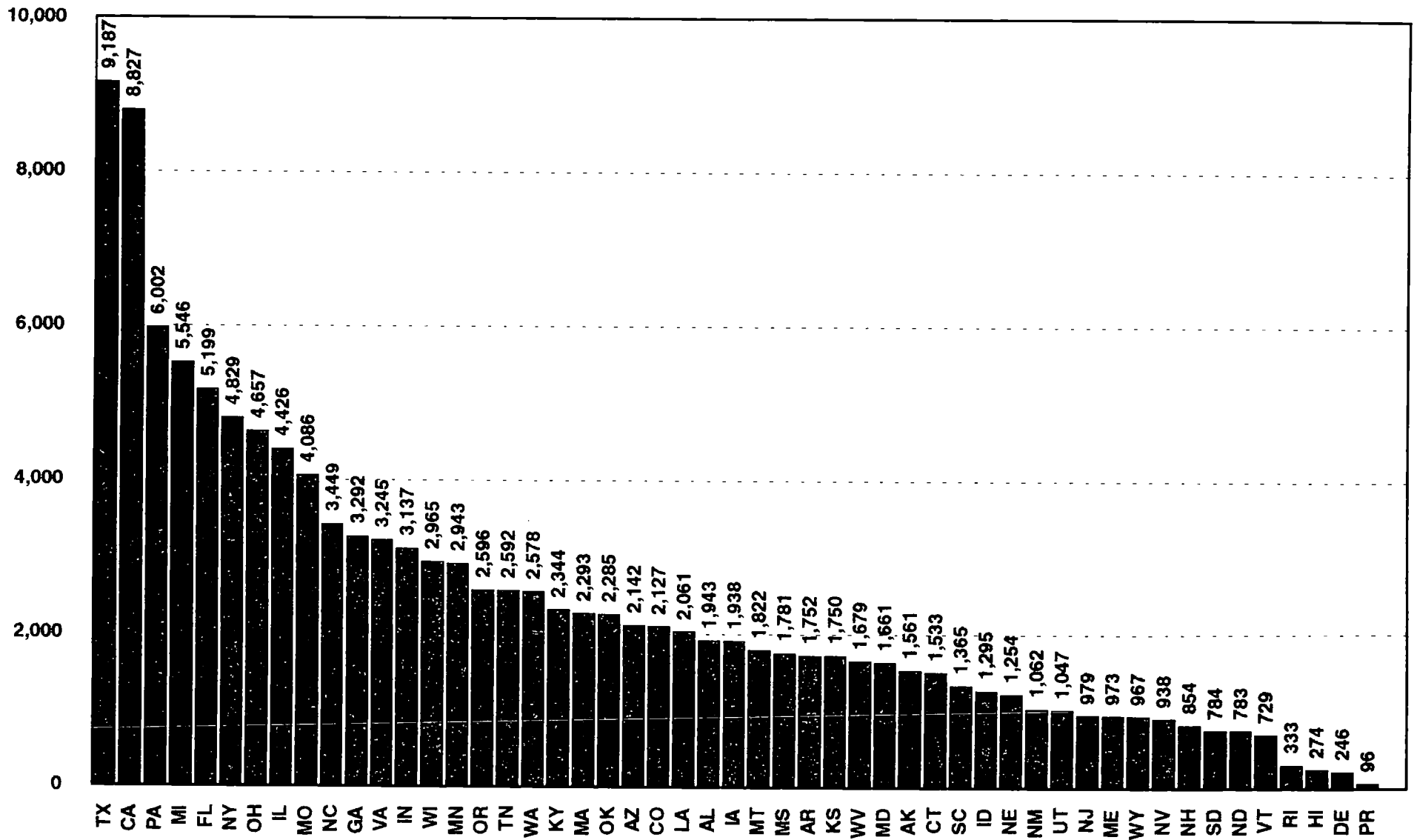
FY 1975 - FY 1997 *



* FY 97 FIGURES ARE AS OF 1/3/97

FEDERAL FIREARMS LICENSES

(BY STATE) JANUARY 3, 1997



FEDERAL FIREARMS LICENSEE POPULATION

September 1993 — January 1997

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
AL	1,943	3,522	4,104	2,161	52.66%
AK	1,561	2,995	3,409	1,848	54.21%
AZ	2,142	4,258	4,714	2,572	54.56%
AR	1,752	3,371	3,886	2,134	54.92
CA	8,827	20,998	23,865	15,038	63.01%
CO	2,217	4,059	5,004	2,877	57.49%
CT	1,533	3,465	3,960	2,427	61.29%
DE	246	552	585	339	57.95%
FL	5,199	11,047	12,406	7,207	58.95%
GA	3,292	6,336	7,164	3,872	54.05%
GU	50	90	89	39	43.82%
HI	274	771	911	637	69.92%
ID	1,295	2,362	2,591	1,296	50.02%
IL	4,426	8,758	10,273	5,847	56.92%
IN	3,137	5,858	6,345	3,208	50.56%
IA	1,938	3,684	4,173	2,235	53.56%
KS	1,750	3,554	4,056	2,306	56.85%
KY	2,344	4,714	5,302	2,958	55.79%
LA	2,061	4,657	5,609	3,548	63.26%
ME	973	2,094	2,392	1,419	59.32%

*Violent Crime Control and Law Enforcement Act of 1994

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
MD	1,661	3,559	3,864	2,203	57.01%
MA	2,293	4,412	4,498	2,605	53.18%
MI	5,546	11,749	13,264	7,718	58.19%
MN	2,943	5,564	6,246	3,303	52.88%
MS	1,781	3,307	3,702	1,921	51.89%
MO	4,086	7,902	8,940	4,854	54.30%
MT	1,822	3,157	3,398	1,576	46.38%
NE	1,254	2,548	2,922	1,668	57.08%
NV	936	2,017	2,288	1,352	59.09%
NH	854	1,617	1,770	916	51.75%
NJ	979	1,910	2,159	1,180	54.65%
NM	1,062	1,984	2,237	1,175	52.53%
NY	4,829	10,147	11,357	6,528	57.48%
NC	3,449	6,525	7,627	4,178	54.78%
ND	783	1,522	1,729	946	54.71%
OH	4,657	9,151	10,401	5,744	55.23%
OK	2,285	4,368	4,727	2,442	51.66%
OR	2,596	4,779	5,331	2,735	51.30%
PA	6,002	12,108	13,480	7,478	55.47%
PR	96	167	189	93	49.21%
RI	333	641	722	389	53.88%
SC	1,365	2,539	2,869	1,504	52.42%

*Violent Crime Control and Law Enforcement Act of 1994

State	Current 1-3-97	Crime Act* 10-4-94	Pre-Brady Law 9-2-93	Total Number of Decrease	Total Percent of Decrease
SD	784	1,460	1,706	922	54.04%
TN	2,592	4,892	5,595	3,003	53.67%
TX	9,187	18,314	20,601	11,414	55.41%
UT	1,047	2,136	2,341	1,294	55.28%
VT	729	1,480	1,686	957	56.76%
VA	3,245	6,903	7,877	4,632	58.80%
WA	2,578	5,816	6,394	3,816	59.68%
WV	1,679	3,161	3,561	1,882	52.85%
WI	2,965	5,871	6,471	3,506	54.18%
WY	967	1,704	1,904	937	49.21%

Current Total FFLs: 124,286

1993 Total FFLs: 287,000

*Violent Crime Control and Law Enforcement Act of 1994

RESULTS OF FEDERAL-LOCAL JOINT INSPECTIONS OF FEDERAL FIREARMS LICENSEES

Federal, local, or joint federal-local inspections of FFLs were undertaken after enactment of the Violent Crime Control and Law Enforcement Act of 1994, which required that as a condition of being licensed, FFLs certify compliance with state and local laws applying to their business and notify local chief law enforcement officers of their intent to enter the gun business.

Baltimore, MD:	114 FFLs in 1993; 62 in 1996.
Berkeley, CA:	34 in 1993; 2 in 1996
Boston, MA:	119 in 1994; 36 in 1996
Chicago, IL:	256 in 1992; 11 in 1996.
Denver, CO:	372 in January 1994; 139 in July 1994.
Detroit, MI:	468 in 1992; 92 in 1996.
Los Angeles, CA: (County)	4436 in 1993; 2247 in 1996.
Louisville, KY:	450 in 1993; 165 (approx.) in 1996.
New Orleans, LA:	90 in June 1995; 39 in 1996.
New York City, NY:	987 in 1993; 259 in 1996
Pueblo, CO: (County)	109 in 1993; 44 in 1996
San Antonio, TX: (Bexar County)	1108 in 1994; 528 in 1996.
San Francisco, CA:	155 in 1993; 10 in 1996
San Francisco, CA: (County)	517 in 1993; 160 (approx.) in 1996.
Virgin Islands, VI:	50 in 1994; 31 in 1996.
Washington, DC:	55 in 1993; 11 in 1997.

III. STRENGTHENED LAW ENFORCEMENT AGAINST THE ILLEGAL FIREARMS MARKET

While the Brady law and improved screening of federally licensed gun dealers are making it increasingly difficult for criminals and juveniles to buy handguns and other firearms in gun stores, criminals continue to try to obtain firearms in the illegal market. We have increased efforts to reduce the criminal market in guns by stepping up law enforcement against gun traffickers. As directed by the President, ATF has increased crime gun tracing for state and local law enforcement agencies, improved crime gun tracing capabilities, expanded law enforcement efforts against illegal traffickers, and intensified cooperative efforts with state and local law enforcement agencies.

Expanded Use of Crime Gun Tracing As a Law Enforcement Tool

A *crime gun* is a gun recovered by law enforcement usually because it is either illegally possessed or used. A National Tracing Center (NTC) *crime gun trace* seeks to identify the first retail seller of the gun, its first retail purchaser, and in some cases, subsequent sales as well. A successful trace can be helpful in two ways. Law enforcement uses tracing to help solve a crime by establishing a link between the crime weapon and a specific suspect. More recently, law enforcement has begun using tracing to develop information about the illegal gun market.

By identifying a criminal firearms transfer, a crime gun trace can provide important leads in investigating illegal gun transactions. For instance, if the gun was bought only a short time before but is recovered from someone different than the purchaser, the buyer may have been a straw purchaser for the criminal in possession. When numerous crime gun traces

from a jurisdiction are analyzed, patterns are identifiable that can be used to facilitate investigations of FFL traffickers, other traffickers, and straw purchasers.

More and Faster Crime Gun Traces

Our goal is to ensure that law enforcement traces every crime gun recovered. ATF's NTC has increased the number of crime gun traces it performs in response to local law enforcement requests. In 1993, ATF provided trace information for 55,208 crime guns submitted by law enforcement, within an average response time of 13 days. In 1996, ATF responded to over 130,000 trace requests, within an average time of 9.4 days. Within two years, ATF expects to trace approximately 200,000 crime guns annually.

Firearms wholesalers are beginning to assist the NTC in speeding up the time it takes to perform a crime gun trace, by electronically linking their dealer sales records with the NTC trace records system.

More Informative Crime Gun Traces

As directed by the President, ATF has improved crime gun tracing capabilities by making more effective use of records showing multiple sales of handguns to a single buyer and by establishing more efficient access to out-of-business records of FFLs. The NTC has also developed Project LEAD, a computer link-analysis system that identifies patterns in the distribution of traced guns that are indicative of potential criminal activity.

The NTC provided automated access to licensees' multiple handgun sales reports by serial number so that they can be accessed in crime gun tracing. In July 1994, ATF revised the multiple sales report to require the reporting of firearms serial numbers. In 1995, ATF required

that multiple sales reports be maintained and automated at the NTC, instead of filed in ATF's field divisions. The reports are now entered directly into the NTC's firearms tracing system and used for crime gun tracing. As of June 30, 1996, ATF had automated about 91,600 multiple sales reports and used them in responding to 521 firearms trace requests. ATF estimates that in the future, the NTC will receive 130,000 multiple sales reports annually. Multiple sales records are proving a valuable source of investigative information about crime guns.

The NTC also has expanded its use of firearms transaction records of out-of-business licensees in crime gun tracing. In 1993, the National Tracing Center developed the Computer Assisted Retrieval System (CARS), which supplied an indexing feature to the microfilm storage system of out-of-business records. Indexing improved the tracing process by identifying the microfilm locations on all out-of-business dealer records and serial numbers of firearms sold. The CARS only allows microfilmed records to be indexed by whether or not ATF has a trace-related record. The system does not permit the operator to enter the name of any firearm purchaser, the name of any licensee, or even the type or model of the firearm. Nevertheless, because it permits searches by license number and by serial number, the CARS has greatly expedited crime gun tracing.

Development of Project LEAD To Find Patterns in Crime Gun Traces

To assist law enforcement in targeting illegal firearms traffickers, ATF developed Project LEAD, an automated illegal firearms trafficking information system that links information gathered by ATF's NTC. Project LEAD software assembles information gathered from crime gun traces, multiple purchase information, and associated data. Law enforcement can use it to find recurring patterns that point to potential illegal firearms traffickers, including dealers, interstate and intrastate traffickers, and straw purchasers. These investigative leads allow ATF investigators to focus on areas where they can have the most impact on illegal firearms

trafficking and armed violent crime. ATF began developing Project LEAD in 1991, and deployed it in all its field divisions by January 1996. Continuously being improved, Project LEAD is a key investigative tool and the cornerstone for a new federal enforcement strategy against illegal gun trafficking.

Use of Ballistics Identification System to Help Identify Traffickers

ATF is developing advanced ballistics identification technology that will allow law enforcement to link recovered bullets with crime guns. This will facilitate the identification of both traffickers and other criminals.

Expanded Law Enforcement Activity Against Illegal Traffickers

As directed by the President, ATF has further increased law enforcement efforts against illegal traffickers by starting two new trafficking programs.

New National Firearms Trafficking Strategy

ATF began developing a national trafficking strategy in 1993 to disarm violent criminals, and use the expanded analytical capabilities of Project LEAD to support more focused investigations. The National Firearms Trafficking Strategy calls for identifying, apprehending, and referring for prosecution those individuals and organizations dedicated to acquiring firearms for the principal purpose of making firearms available to criminals. The strategy is integrated with ATF's other primary law enforcement mission, targeting armed violent criminals. Elimination of sources of firearms to career criminals, drug traffickers, and other violent offenders is now central to ATF's investigations of the most dangerous violent offenders. In addition, when foreign countries trace

crime-related firearms, traffickers located in the United States who are illegally smuggling firearms into other countries can be identified. In 1996, ATF recommended 2,230 trafficking defendants for prosecution, who were responsible for trafficking at least 34,491 firearms. Some examples of trafficking cases:

FFL Trafficker To Criminals and Juveniles, Kansas City, Kansas. In 1996, a Kansas City federal judge sentenced an FFL with a store in Kansas City to nearly six years in prison, after he pled guilty to illegally selling more than 1,300 guns on the streets of Kansas City. More than 200 firearms were recovered from crime scenes, including eight homicides; drug houses; and juveniles, as far away as New York and California were traced back to the FFL.

Corrupt FFL, Gang Trafficker, Whittier, California. Using information from the NTC's investigative software, Project LEAD, ATF identified an FFL in Whittier, California, as a source of crime guns to gang members. The traced guns were among 1,700 crime guns sold illegally by the FFL over a four-year period to local gang members and juveniles. The FFL, who made sales at his home, gun shows, and flea markets, pled guilty and was sentenced in February 1996 to 18 months' incarceration. The gang member who acted as the trafficker-distributor was convicted and sentenced to 27 months' incarceration.

Corrupt FFL, Temple Hills, Maryland. Approximately 200 crime guns, used throughout the country in homicide, robbery, assaults on police officers, and burglaries, were traced to a Maryland FFL who was selling with an expired state license, a violation of federal and state law. The dealer pled guilty to federal violations in December 1996.

Drug and Gun Trafficking FFLs, Virginia. Two FFLs were convicted to 120 months and 248 months for converting weapons to fully automatic fire and trading narcotics for firearms.

Interstate Trafficker, Gang Supplier, Chicago, Illinois. This trafficker traveled from Chicago, Illinois, to Terra Haute, Indiana, to buy 20 firearms from an FFL, obliterating the serial numbers in preparation for selling them to

gang members and narcotics traffickers on Chicago's south side. Admitting to trafficking 400 to 500 firearms with obliterated serial numbers, the defendant pled guilty in 1995 and was sentenced to 27 months' incarceration followed by three years of supervised release.

Interstate and Intrastate Straw Purchaser-Trafficker for Gangs, Chicago, Illinois. Chicago Police Department's Organized Crime Unit and ATF teamed up to investigate and arrest trafficker operating on Chicago's north side, who made straw purchases at a variety of FFLs, in and out of Illinois. The trafficker obliterated the firearms' serial numbers and sold the guns to gang members. A federal judge in 1996 sentenced the trafficker to one year in prison, followed by two years of supervised release.

FFL Burglary, Athens, Georgia. Two defendants were sentenced in 1995 to 260 months and 97 months' incarceration respectively, for the burglary of over 600 firearms from an Athens, Georgia, FFL. It was the single largest theft of firearms in Georgia history.

String of FFL Thefts by Gang Members, Los Angeles, California. After 21 burglaries from FFL dealers around Los Angeles and the theft of over 1,000 firearms, an investigation led in 1995 to three guilty pleas by Main Street Crips members and convictions of an additional three gang members in connection with the stolen firearms. Sentences ranged from 27 months to 15 years.

The Youth Crime Gun Interdiction Initiative

In July, the President announced the Youth Crime Gun Interdiction Initiative (YCGII), a program involving 17 local police departments in a coordinated effort with ATF, the Justice Department, and local prosecutors to learn how guns reach young people and to ensure that stopping trafficking to youth becomes a part of community policing. The YCGII builds on, and is a component of, ATF's overall trafficking strategy. In addition to seeking to reduce the

illegal supply of firearms by building federal cases against the sources of crime guns, the YCGII is bringing federal, state, and local law enforcement officials together to develop local strategies against youth gun and gang violence. Local police departments are developing com-

prehensive trace information on all crime guns seized. Based on patterns found in that trace information, law enforcement strategies and priorities will be set jointly by federal and local law enforcement. The YCGII will be the subject of a separate report.

IV. NEW KNOWLEDGE ABOUT ILLEGAL GUN TRAFFICKERS

Case and trace information are providing law enforcement with a clearer picture of the illegal market in guns, enabling more focused use of enforcement resources. New information:

Prior Criminal Records. A random sampling of the first six months of National Firearms Trafficking Strategy cases indicates that most traffickers have arrest records, and 18% of the traffickers have felony convictions.

Handguns Preferred. Handguns are the firearms most likely to be illegally trafficked. Inexpensive handguns are favored by illegal traffickers.

In-State Trafficking. The largest single source of illegal firearms in a state is likely to be from within the state itself. However, while proportions vary, many illegally trafficked firearms are from out of state. Illegally trafficked interstate firearms tend to flow from areas with less restrictive firearms laws (source areas) to those areas with more restrictive firearms laws (market areas). I-95 along the East Coast has been referred to as the Iron Pipeline due to the large number of firearms trafficked along it, generally south to north.

Significant Diversion to the Illegal Gun Market From FFLs. There is a large problem of diversion to the illegal market from licensed gun establishments. A 1994 examination showed that of the 120,370 crime guns that were traced to purchases from the FFLs then in

business, 27.7%, of these firearms were seized by law enforcement in connection with a crime within two years of the original sale. This rapid "time to crime" of a gun purchased from an FFL is a strong indicator that the initial seller or purchaser may have been engaged in unlawful activity.

Multiple Means of Illegal Diversion From FFLs. Over-the-counter purchases are not the only means by which guns reach the illegal market from FFLs. FFLs have reported 23,775 guns as lost, stolen, or missing since September 13, 1994, when the Violent Crime Control and Law Enforcement Act first made reporting these guns a requirement. FFLs also are used by gun traffickers who sell firearms at a profit in-state; traffickers who buy guns in loosely regulated jurisdictions and resell them where laws are more restrictive; and straw purchasers who buy guns on behalf of those prohibited because of their age, or because they fall within other categories of prohibited persons.

Relatively Few Involved FFLs. The problem of diversion to the criminal gun market from FFLs is concentrated: in mid-1996, about 60% of successfully traced crime guns originated with 1% of the FFLs. A random sample of the first six months of trafficking strategy cases found that 5% of the prosecutions recommended were against FFLs.

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Number of gun dealers fell 50%

The drop took place from 1992 to 1996. New rules made it harder to get licenses. The fee was raised from \$30 to \$200.

By Angie Cannon

INQUIRER WASHINGTON BUREAU

WASHINGTON — The number of federally licensed gun dealers has been cut in half in the last four years, Treasury Department officials said yesterday, adding that the drop reflected new rules that make it harder to get dealer licenses.

The drop has been particularly sharp in some big cities. The number of dealers in Detroit, for instance, fell to 92 in 1996 from 468 in 1993. In Chicago, there were 11 dealers last year, down from 256 in 1992.

Although the report did not address the topic of gun sales, law enforcement officials have said they believe that cracking down on gun dealers helps keep guns away from criminals.

"There is a reduction in gun-related violence, and I feel this played a part," said Raymond W. Kelly, the Treasury undersecretary for enforcement.

The crackdown on licensing is being matched by increased efforts to trace guns. Kelly said the tighter regulations make it easier to trace guns used in crimes, especially with more legitimate dealers keeping good records.

Under the new rules, implemented in 1994, gun-license applicants must:

- Provide fingerprints and photo-

graphs for background checks.

- Have face-to-face interviews with federal inspectors.
- Comply with all state and local laws, notably zoning laws.

In addition, the fee for a three-year license was increased from \$30 to \$200. Previously, "kitchen-table" dealers mailed in an application with the nominal fee for a federal license to sell guns, a process that some have said was easier than getting a driver's license.

Kelly said that 647 applicants had been rejected for licenses since October 1993 because they had prior convictions.

Overall, the number of federally licensed dealers has dropped to 124,286 from 286,500 in 1993, according to the Treasury.

Pennsylvania had 13,480 gun dealers in September 1993, but the number dropped 55.5 percent to 6,002 as of Jan. 3. New Jersey had 2,159 gun dealers in September 1993, and the number dropped 54.7 percent to 979 over the same period.

Some dealers have mixed feelings about the stricter regulations. "I think the industry needed some policing," said Todd Latham, who has owned the Great Guns gun shop in Richmond, Ky., for 14 years. "It used to be, anyone could get a license without a background check."

Still, he said he is worried about some dealers who are being put out of business. "Gunsmiths and others who do custom work might work out of their homes and aren't zoned for business," he said. "Some legitimate dealers face a big problem with it."

Chip Walker, a spokesman for the National Rifle Association, said: "We believe that most of these people have stopped being licensed gun dealers because they can't afford the fee increase."

"Many of these people had their licenses, but were only selling or buying three or four guns a year," Walker said. "And they wonder: 'Should I pay \$200 for this license and I'm not doing anything with it?'"

USA TODAY • THURSDAY, JANUARY 30, 1997 •

3A

Report finds 57% drop in gun dealers

Treasury Department cites 1993 Brady law

By Gary Fields
USA TODAY

The number of federally licensed gun dealers dropped dramatically in the three years since Congress passed the Brady law, a Treasury Department report released Wednesday shows.

The number of licensed gun dealers nationally dropped from 286,500 in 1993 to 124,286 last year, the lowest level since 1975.

Raymond Kelly, undersecretary for enforcement at the Treasury Department, attributed



Reuters

Clinton: Says his gun strategy is working

the 57% drop to stricter licensing requirements. The Treasury Department oversees the Bureau of Alcohol, Tobacco and Firearms.

Under the 1993 Brady law and the 1994 Violent Crime and Control and Law Enforcement Act, the cost of a gun dealer's three-year license rose from \$10 a year to \$200.

Other new licensing requirements included:

- ▶ submitting photographs.
- ▶ having fingerprints taken.
- ▶ face-to-face inspections by Bureau of Alcohol, Tobacco and Firearms personnel.
- ▶ notifying local authorities of intentions to become a gun dealer.

In a statement, President Clinton said the report was proof that the administration's strategy to "restrict the ability of criminals and juveniles to obtain firearms" was working.

"Fly-by-night gun traffickers no longer have the cover of federal law to peddle their weapons," the president said.

Kelly said 647 applications have been turned down since October 1993 because the applicants had criminal convictions.

But Chip Walker, spokesman for the National Rifle Association, said the "implication that these people are somehow engaged in illegal activity simply cannot be upheld."

Walker says it is more likely that many of the dealers who didn't renew licenses rarely sold any firearms. A General Accounting Office report released last March, found that 46% of the licensees inspected in 1992 and 1993 had sold no firearms in the previous 12 months. And another 34% had sold one to 10 firearms.

"Clearly many of these people for economic reasons had said why go through this hassle when I'm not going to make my \$200 worth," said Walker.

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LOS ANGELES TIMES / WASHINGTON EDITION

THURSDAY, JANUARY 30, 1997

New Rules Mean 49% Fewer Gun Dealers

A4

■ **Government:** Many 'kitchen table' sellers who were a source of firearms used in crimes have been weeded out, officials say.

By ROBERT L. JACKSON
TIMES STAFF WRITER

WASHINGTON—Tighter federal regulations have squeezed out thousands of unscrupulous firearms dealers, resulting in a drop of almost 50% in the number of licensed gun dealers in Los Angeles County and across the nation, Treasury Department officials said Wednesday.

Reporting on the so-called Brady bill, which requires a waiting period before a handgun can be purchased, and other regulations that took effect in 1994, the officials said that the new rules—including a fingerprinting requirement and notification of local police—have weeded out many "kitchen table" dealers who were a principal source of handguns used in crime.

The number of licensed dealers decreased 56% nationally, with Los Angeles County recording a 49% drop and California as a whole declining 63%, officials said.

Raymond W. Kelly, Treasury's enforcement chief, said the new regulations have contributed to the drop in violent crime and

gun-related crimes reported by the FBI in recent years.

"All we wanted to do is tighten up and make sure that people were legitimately in the [firearms] business," Kelly said.

In a report to President Clinton, the Treasury Department said that applicants for federal firearms licenses now must notify local police, must be fingerprinted and photographed and must have a face-to-face interview with an agent of Treasury's Bureau of Alcohol, Tobacco and Firearms. Application fees have risen from \$10 a year to \$200 for three years.

Applicants also must "certify compliance with all state and local laws that apply to their business" and demonstrate that they have legitimate business premises, Kelly said.

"No longer do we have kitchen-table dealers who for \$10 got a license to sell guns, frequently in violation of federal or local laws," he said.

Overall, the number of licensed gun dealers nationwide has dropped from 286,500 in 1993 to 124,286 currently. In Los Angeles County, the numbers have gone from 4,436 to 2,247 and in Cali-

fornia from 23,865 to 8,827.

Officials said California has the second-highest total among states. Texas, with a 55% drop, still has the most licensed gun dealers, with 9,187.

Among urban areas, New York City had one of the steepest decreases, from 987 to 259 licensed dealers, said Kelly, a former New York City police commissioner. New York once had an inordinate number of fly-by-night operators, he said.

But Los Angeles' problems with unscrupulous firearms dealers differ from those of other big cities in one respect—gangs. Los Angeles' gang problem is bigger and more entrenched than that of any other city in the country, authorities say.

"We found a number of instances where people with federal firearms licenses were selling guns, without keeping records, and these guns were going directly to gang members," said John D'Angelo, spokesman for the ATF's Los Angeles office. "One Southern California dealer we tracked sold about 1,700 guns, many of them to gang members."

Officials noted that Clinton had once observed that under the old licensing system, it was "easier to obtain a license to sell guns commercially than to get a driver's license."

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THE NEW YORK TIMES, THURSDAY, JANUARY 30, 1997

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Fading Gun Lobby Faces a Bitter Power Struggle

By KATHARINE Q. SEELYE

WASHINGTON, Jan. 29 — A fierce battle is under way for control of the National Rifle Association, with a hard-line dissident faction threatening to oust the current leadership.

The power struggle comes at a time when the N.R.A., long one of the most influential lobbies in Washington, has lost membership, retains a negative public image of extremism and appears stymied in Congress because of all-but-certain opposition from President Clinton, who has staked out a number of high-profile anti-gun positions.

The dissident faction, led by Neal Knox, the first vice president, who has consolidated his power through the board of directors, is trying to topple Wayne R. LaPierre Jr., the executive vice president since 1991. Also on the firing line are the association's president, Marion Hammer, and its chief lobbyist, Tanya Metaksa.

Mr. Knox's rocky history within the organization includes his ouster as chief lobbyist in 1982 and his expulsion from the board in 1984 on charges of extremism. He reasserted himself over the years and has built his influence so that today he stands next in line to become president of the N.R.A. in 16 months.

But Mr. LaPierre's supporters say Mr. Knox is not as interested in that volunteer, figurehead post as much as he wants Mr. LaPierre's job and its \$190,000 annual salary.

Mr. Knox is expected to attempt his "coup," as Mr. LaPierre calls it, at the board's meeting on Feb. 8 in Virginia. The vehicle is a vote that would change the lobby's bylaws and reduce the number of votes needed to oust an officer from three-fourths to a simple majority of the 76-member board. The move is viewed seriously because Mr. Knox has fortified the board over the years with his allies.

There is no open campaign under

way. Indeed, Mr. Knox, who has been closely allied in the past with all of the people he would now oust, is circumspect about his intentions.

But his behind-the-scenes efforts have baffled and angered the current leaders, who maintain that Mr. Knox has caused serious turmoil within the N.R.A. and made it harder for the leaders to focus on their primary goal of promoting and protecting what they say is the public's right to bear arms. The group has dropped its attempt to repeal the ban on assault weapons until Mr. Clinton is out of office.

Mrs. Hammer, the current president, said: "In terms of whether or not there is a crisis, or whether or not this is just an internal struggle, it is both. You can destroy an organization from within, just as effectively as your external enemies can destroy you, if you are otherwise occupied fighting among yourselves."

From the perspective of Handgun Control Inc., the gun-control lobby that is the rifle association's chief organized foe on Capitol Hill, the internal struggle is a manifestation of the gun lobby's larger problems.

"This is like rearranging the deck chairs on the Titanic," said Robert Walker, the chief lobbyist for Handgun Control. "This is an organization in a political and financial tailspin. Any time you have an organization in real crisis, there will be turmoil at the leadership level."

Although Mr. LaPierre, 47, is perhaps best known to the public for describing Federal agents as "jack-booted government thugs," his leadership has been marked by a generally smooth political style and an expansion of anti-crime and gun-safety efforts.

Mr. LaPierre emerged as a voice of moderation, relatively speaking, after the 1995 Oklahoma City bombing, which highlighted links between some N.R.A. members, including Mrs. Metaksa, and various armed paramilitary groups.

Mr. Walker said Mr. LaPierre was "far more temperate in his remarks; he presents a much softer image" than Mr. Knox, but there was

no discernible policy difference between them.

In an interview at the N.R.A.'s headquarters in Fairfax, Va., Mr. LaPierre suggested that Mr. Knox would marginalize the association into a smaller band of militia-type gun devotees whose style would alienate supporters on Capitol Hill and ultimately destroy the gun lobby.

"We don't want to be about training for war in the woods or extremism of rhetoric," Mr. LaPierre said. "They represent the fringe, people who won't increase the N.R.A.'s clout but will diminish its clout. I don't

A 'coup' attempt is expected in the National Rifle Association.

intend to stand by and let the N.R.A. be turned into the John Birch Society and made irrelevant. It must stay positioned in the mainstream if it's going to survive."

In a telephone interview, Mr. Knox, 61, who has been a member of the N.R.A. for more than 40 years, was vague about his intentions.

"If it turns out there's a vacancy, I'm probably willing to take it, but only with great reluctance," he said.

He also said that he supported the change in the bylaws, but added that

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Gun

he had no policy differences with Mr. LaPierre, whom he had supported for executive vice president.

Mr. Knox hinted that Mr. LaPierre had mismanaged the organization but did not accuse him outright of fiscal mismanagement. Nor did he fault him for the association's drop in membership, from a high of 3.5 million in 1995 to 2.8 million today.

(Mr. LaPierre said the membership dropped because of a dues increase; others cite the N.R.A.'s negative image after the 1995 Oklahoma City bombing, when former President George Bush and other long-time members quit, citing the group's extremist rhetoric.)

"Thanks to some very diligent fund-raising miracles that Wayne has pulled off, we have been operating on a balanced budget," Mr. Knox said, acknowledging that the N.R.A. has been operating in the black for three years.

But later he said, "The assets of the board have been sorely depleted," adding, "We ought to be run in a business-like manner, and I don't believe it has been."

In denying that he was staging a coup to replace Mr. LaPierre, Mr. Knox said, "It is not a coup attempt when a board of directors has a responsibility to be sure that its organization is properly managed, and I don't think it is." He offered no further specifics on what was wrong.

Mr. Knox said he would be "more parsimonious" than Mr. LaPierre had been with the N.R.A.'s checkbook, citing only the group's "over-exuberant membership drive."

Wilson Phillips, the group's treasurer, said the N.R.A. was "secure financially." He said the group has \$45 million in the bank, but had \$80 million in 1991, "and everyone would like to see that cash put back."

The cash was invested in major projects, including a new headquarters and a computer system that can reach 10,000 voters in a Congressional district over a weekend.

Sue Kling, a board member and erstwhile member of Mr. Knox's inner circle, said Mr. Knox was deliberately vague about allegations of financial problems because, as an officer himself, he was equally responsible.

"Neal can't afford to complain," she said. "So many of his indictments of Wayne would be indictments of himself. Many of our financial problems resulted from actions mandated by the board — for Wayne to go out and spend \$5 million here or \$4 million there. It happened on Neal's watch."

Mr. Knox acknowledged that he has long been accused of being an extremist, but contended that his remarks have been taken out of context. His bedrock value, he said, is that being armed means being free. "If Jews had had guns, we wouldn't have seen what happened," he said.

He also said the 1968 gun control act was based on a 1938 Nazi law, indirectly equating gun-control advocates with Hitler.

Through his columns in "Shotgun News," Mr. Knox has suggested that the assassination of the Rev. Dr. Martin Luther King Jr. was timed by



Paul Hasefros/The New York Times

Wayne R. LaPierre Jr., executive vice president of the National Rifle Association, in his office Tuesday.

"anti-gunners" to win gun-control votes in the Senate. "Is it possible," he wrote in 1994, referring to the King assassination and various mass killings, "that some of those incidents could have been created for the purpose of disarming the people of the free world?"

He has also suggested that the United States erred in Somalia in 1993 by trying to disarm the Somalis; rather, he said, it should have armed Somali mothers with AK-47's.

Purge of gun dealers working

Clinton crusade cuts tally 56% to 124,286 as small-timers lose

BY MARK JOHNSON

MEDIA GENERAL NEWS SERVICE

WASHINGTON — The ranks of federally licensed gun dealers have dropped by more than half in the last three years because the Clinton administration made licenses more expensive and more difficult to get, the Treasury Department announced yesterday.

In September 1993, there were approximately 286,500 federally licensed dealers. As of three weeks ago, there were 124,286 — a 56 percent reduction. The number of firearms dealers in Virginia dropped from 7,877 to 3,245, a decrease of 58.8 percent.

Raymond Kelly, undersecretary of the Treasury for enforcement, said that three years ago the nation was "awash in what I would call marginal federal firearms" dealers. These dealers, operating off their kitchen tables, paid \$10 a year for a license to sell firepower, said Kelly, former New York City police commissioner.

"From their kitchens or garages or whatever, they received parcel post shipments of guns directly from arms manufacturers and then resold the guns," he said.

Kelly said that many of those dealers were the source of guns for crooks and the mob. The sharp reduction in the number of those dealers "significantly reduces the potential for illegal arms trafficking," he said.

But according to the Treasury Department report released yesterday, the problem of illegal gun sales lies



Kelly

with a tiny percentage of dealers.

Of the guns recovered from crime scenes and successfully traced, 60 percent came from 1 percent of the dealers, according to the last paragraph of the Treasury report. And Treasury Department statistics showed that in 1996, only 10 firearms dealers — of more than 124,000 — were recommended for prosecution in gun trafficking cases.

When President Clinton announced the tighter regulations of licenses three years ago, he said the nation had more gun dealers than gas stations. Cutting the number of dealers was part of the administration's strategy to reduce the flow of guns to juveniles and street thugs. Federal officials set out to cut the number of firearms dealers who, essentially, didn't operate out of business locations. Thousands of dealers conducted business out of their homes, sold only at gun shows or used their license simply to get discounts on their own purchases.

As part of the 1993 Brady law, the fee for a dealer's license jumped from \$10 a year to \$200. Applicants for a dealer's license have to meet in person with federal inspectors, provide fingerprints and photographs for background checks and abide by all local zoning laws and business ordinances.

"These standards are reasonable, particularly when you think about the lethality of the commodity involved," Kelly said.

National Rifle Association officials described the administration's efforts as simply slashing the number of gun dealers.

"They're trying to force the part-time, mom and pop, retired people, people who are trying to supplement their income, out of business," said Chip Walker, an NRA spokesman.

Kelly said that the reduction has helped law enforcement agencies. With fewer dealers, firearms will be easier to trace, making crimes easier to solve, he said.

Richmond Times-Dispatch 1/30/97 Pg A2

Gun Dealers, Bjt,650

Number of licensed gun dealers plummets 57 percent in three years

WASHINGTON (AP) Three years after toughening requirements for getting a gun dealer's license, the government says the number of federally licensed dealers has plummeted more than 57 percent from 286,531 in 1993 to 124,286 early this month, the lowest level in 22 years.

Requirements that gun sellers provide fingerprints and meet face-to-face with federal inspectors, as well as higher application fees and more inspections of gun shops, have helped weed out people who used to obtain licenses even though they didn't operate legitimate gun stores, said Raymond Kelly, undersecretary for enforcement at the Treasury Department.

"Three years ago the United States was awash in what I call marginal federal firearms licensees," said Kelly, whose office oversees the Bureau of Alcohol, Tobacco and Firearms. "Many of them were no more than kitchen table dealers."

Many gun dealers chose not to renew their licenses under new application rules, said Kelly, a former New York city police chief. About 2,600 gun dealers volunteered to give up their licenses and 301 had their licenses revoked.

In 1993, under a presidential directive, the ATF started requiring gun license applicants to give more information and show they have a legitimate business. Fingerprints and photographs were gathered for criminal checks. The agency also raised fees for three-year licenses from \$10 to \$200, and for renewals from \$10 to \$90.

A 1994 law required applicants to promise to obey state and local laws. The Brady Law added a five-day waiting period and background check for handgun sales. At the same time, the ATF stepped up inspections of gun shops and started requiring applicants to meet with inspectors.

Fewer applicants passed muster under the new policies.

The current number of 124,286 dealers is the lowest since the ATF began keeping complete records on gun licenses in 1975. It is expected to fall to between 100,000 to 115,000 by the fall, when the first cycle of application renewals under the new requirements will be complete.

In California, the number of gun dealers has fallen by 15,000 in the last three years to 8,827. Texas has 9,187 gun dealers today, 11,000 fewer than it did in 1993. In Montana, 1,576 fewer licenses were issued, bringing the state total down to 1,822.

"Fly-by-night gun traffickers no longer have the cover of federal law to peddle their weapons," President Clinton said in a statement.

Gun control advocates applauded the news and said fewer bogus gun dealers are getting through system.

"These were people who were gun owners masquerading as gun dealers so they could buy guns at wholesale prices and order handguns interstate," said Bob Walker, president of Washington-based Handgun Control Inc.

With fewer gun dealers, the ATF stands a better chance of making sure licensed dealers are legitimate, he said.

"Their enforcement task was impossible," Walker said. "This helps restore some balance."

Opponents of gun control said the number of federally licensed gun dealers has dropped so dramatically because higher fees and state zoning laws are forcing out legitimate Mom-and-Pop dealers.

"In many rural areas, there's just a local licensee," said Chip Walker, a spokesman for the National Rifle Association. "A lot of people are saying 'to heck with it, it's not economically feasible.'"

He said a General Accounting Office audit last year showed that the majority of gun dealers who didn't renew their licenses sold fewer than six guns a year.

"The people who are dropping out are not those who sell hundreds and hundreds of guns, but people who live on farms and use their license to supplement their income," Walker said.

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Statement by the President

From the beginning of my Administration, a key element of our overall crime strategy has been to restrict the ability of criminals and juveniles to obtain firearms. This report is additional proof that this strategy is working. Fly-by-night gun traffickers no longer have the cover of Federal law to peddle their weapons.

Through the 1994 Crime Bill, the Brady Law, the assault weapons ban, zero tolerance for guns in schools, and many other measures, we are working to reduce gun violence and make our streets safer. I intend to continue to build on this record.

Date: 01/29/97 Time: 18:18

GNumber of licensed gun dealers plummets 57 percent in three years

WASHINGTON (AP) Three years after toughening requirements for getting a gun dealer's license, the government says the number of federally licensed dealers has plummeted more than 57 percent from 286,531 in 1993 to 124,286 early this month, the lowest level in 22 years.

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.``In many rural areas, there's just a local licensee,'' said Chip Walker, a spokesman for the National Rifle Association. ``A lot of people are saying `to heck with it, it's not economically feasible.'''

He said a General Accounting Office audit last year showed that the majority of gun dealers who didn't renew their licenses sold fewer than six guns a year.

``The people who are dropping out are not those who sell hundreds and hundreds of guns, but people who live on farms and use their license to supplement their income,'' Walker said.

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THANKS VERY MUCH FOR YOUR HELP!

Gun Dealers, BJT650

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