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Subseries:

OA/ID Number: 18930

FolderID:

Folder Title:

Federal Firearms Licensees [2]

Stack:

S

Row:

98

Section:

2

Shelf:

4

Position:

1

FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF POLICY DEVELOPMENT
(ENFORCEMENT)

Phone: (202) 662-0300

Fax: (202) 622-7301

Date:

Page 1 of ____

TO: Dennis Burke

FAX:

456-7028

FROM:

S Ginsburg

SUBJECT:

→ POTUS Mem to Treas Sec

→ RER - POTUS Memo

→ FFL #5

MESSAGE:

→ NJ press on kids &
guns

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THE WHITE HOUSE

WASHINGTON

August 11, 1993

MEMORANDUM FOR THE SECRETARY OF THE DEPARTMENT OF THE TREASURY

SUBJECT: GUN DEALER LICENSING

A major problem facing the nation today is the ease with which criminals, the mentally deranged, and even children can acquire firearms. The gruesome consequences of this ready availability of guns is found in the senseless violence occurring throughout the country with numbing regularity. While there is not one solution to the plague of gun-related violence, there is more than sufficient evidence indicating that a major part of the problem involves the present system of gun dealer licensing, which encourages a flourishing criminal market in guns.

The Gun Control Act of 1968 established a licensing system for persons engaged in businesses of manufacturing, importing and dealing in firearms. These licensees are allowed to ship firearms in interstate commerce among themselves, and are required to abide by State laws and local ordinances in their sale of firearms to non-licensees. They are also prohibited from selling firearms to felons, certain other classes of persons, and generally to out of state persons. This Act also established a comprehensive recordkeeping system and authorized the Secretary to conduct inspections to ensure compliance with the Act. The statutory qualifications for a licensee are that the applicant is at least 21 years of age, is not a felon or other person prohibited from possessing firearms, has not willfully violated the Gun Control Act, and has premises from which he intends to conduct business. The license fee for a basic dealer's license is only \$10 a year.

The minimal qualification standards of the statute, coupled with policies of neglect and opposition to legitimate regulatory efforts by past Administrations, leave us with a situation where in some ways we have made it easier to get a license to sell guns than it is to get and keep a driver's license. Today there are in excess of 287,000 Federal firearms licensees, and a great number of these persons probably should not be licensed. The Bureau of Alcohol, Tobacco and Firearms (ATF) estimates that only about 30 percent of these are bona fide storefront gun dealers. ATF estimates that probably 40 percent of the licensees conduct no business at all, and are simply persons who use the license to obtain the benefits of trading interstate and buying guns at wholesale. The remaining 30 percent of licensees engage in a limited level of business, typically out of private residences. While the Federal statute creates no minimum level of business activity to qualify for a license, many of the licensees in this category operate in violation of State and local licensing, taxing, and other business-related laws. Since the overall purpose of the Gun Control Act was to assist State and local gun control efforts, at the very least we need to coordinate the Federal licensing process with the appropriate State and local agencies.

This Administration is committed to doing more to prevent this criminal market in illegal guns from continuing to flourish. Since all new firearms used in crime have at some point passed through the legitimate distribution system, Federal firearms licenses represent the first line of defense in our efforts to keep guns out of the hands of criminals.

Accordingly, you have informed me that you will direct the Department of Treasury and ATF to take whatever steps are necessary, to the extent permitted by law, to ensure compliance with present licensing requirements, such as:

- (a) improving the thoroughness and effectiveness of background checks in screening dealer license applicants;
- (b) revising the application process to require the applicant to supply all information relevant to establishing qualification for a license, and to require more reliable forms of identification of the applicant, such as fingerprinting, to assist in identifying an applicant's criminal or other disqualifying history;
- (c) making the "premises" requirement of the statute more meaningful by increasing field checks and the use of other procedures to verify compliance;
- (d) increasing the scrutiny of licensees' multiple handgun sales reports and providing automated access to multiple sales report information by serial number for firearms trace purposes;
- (e) requiring dealers to obtain more reliable identification from purchasers;
- (f) reviewing sanctioning policies to determine the feasibility and desirability of adding the option of license suspension for certain violations;
- (g) expanding the use of cooperative agreements with State and local law enforcement agencies to address licensing and trafficking problems;
- (h) expanding ATF's capabilities to utilize effectively the firearms transaction records of out-of-business licensees for tracing purposes through the use of automation and other technology.

Acting pursuant to your statutory authority, you shall make such determinations and issue orders, regulations and rulings, as appropriate, to achieve the objectives stated in this memorandum.

I further direct that you initiate these actions as soon as possible and report your progress implementing these and other measures consistent with the foregoing to me within 90 days and annually thereafter.

All Executive agencies shall, to the extent permitted by law, cooperate with and assist you in carrying out the objectives of this memorandum. You shall consult with the Attorney General, the Director of the Office of National Drug Control Policy, and other Executive agencies as necessary to coordinate and implement the objective of this memorandum. To the maximum extent possible, the Attorney General, through the Office of Justice Programs, Bureau of Justice Assistance, will expand support to State and local agencies working with ATF on joint projects relating to licensing and trafficking in firearms. Nothing in this memorandum shall be construed to require actions contrary to applicable provisions of the law. You are hereby authorized and directed to publish this memorandum in the Federal Register.

WILLIAM J. CLINTON

MEMORANDUM FOR THE PRESIDENT

DRAFT

FROM: Secretary Robert E. Rubin

SUBJECT: Gun Dealer Licensing

On August 11, 1993, you directed the Secretary of the Treasury to intensify efforts against the criminal market in guns. The attached report describes our implementation of your directive. Let me summarize the results.

- * The number of Federal Firearms Licensees has fallen from 287,000 when you issued your directive to a total of 144,000. By the fall of 1997, there will be in the range of 115,000 FFLs nationwide. With the reduced number of licensees, ATF is able to respond more quickly to applications, and to develop a more effective regulatory enforcement program. The potential for criminal diversion of firearms has been significantly reduced in a number of communities, including New York City, Chicago, Baltimore, and Boston.
- * The smaller universe of licensees face a stronger regime of regulation. New rules make it far more difficult for firearms dealers not engaged in legitimate commercial business to obtain a license. To do so now, they must: Certify compliance with any State and Local laws that apply to them; Notify their Chief Law Enforcement Officers of intent to enter the business; Provide fingerprints and identification photographs; Pay a user fee of \$200.
- * ATF has launched a new nationwide trafficking strategy aimed at major interstate gun traffickers and corrupt FFLs. In 1996, ATF reports that it has arrested [] traffickers, who were responsible for illegally trafficking over [] firearms before being recommended for prosecution. Of these firearms, [] have been recovered in crimes.
- * In July, you launched the Youth Crime Gun Interdiction Initiative, a pilot program involving 17 local police departments in a comprehensive, coordinated federal-state-local effort to make stopping trafficking to kids a part of community policing. The YCGII is underway under the supervision of Under Secretary Raymond Kelly and is receiving the full support of ATF, the Department of Justice and U.S. Attorneys, and local police departments and prosecutors.
- * ATF's National Tracing Center has increased its support to local police departments going after gun traffickers. In 1993, ATF provided trace information [45,000] crime guns submitted by law enforcement, in an average response time of 13 days. This year, ATF expects to respond to [130,000] trace requests, in an average response time of 9.4 days.

Much has been achieved since your memorandum on Gun Licensing. But the level of crime with illegal guns remains much too high. As the overall trafficking strategy and the Youth Crime Gun Interdiction Initiative reveal more about patterns of trafficking among States and within cities, we will be able to propose more targeted measures against the illegal market in firearms. This will continue to be among the highest priorities at the Department of the Treasury.

Feds trace guns in bid to stem juvenile violence

By WILLIAM G. KLEINKNECHT

Larry Tann was a soft-spoken teenager whose brief career as a drug dealer came to an end on an Irvington street corner two years ago when he was shot in the stomach with a .38-caliber revolver during a robbery attempt.

Tann, known as "Little Larry" to his friends, died a short time later in University Hospital in Newark, where the operating surgeon told his mother that his skinny, 5-foot-8-inch body was no match for the big-caliber bullet.

"All his major organs were totally destroyed," said Tann's mother, Bettie Jones. "They told me at the hospital that they had 20 gunshot victims in three hours, and they saved all but two of them. They couldn't save my son."

If the 17-year-old's slaying was investigated the way such crimes traditionally have been handled in this country, police would have treated the murder

INSIDE



Tracing how guns get in the hands of killers.
Page 16

weapon as just another piece of evidence, without much thought as to where his killer obtained it.

But something else happened in this case that goes to the heart of what experts see as a promising new federal initiative to confront the nation's growing epidemic of teenage violence.

The gun that killed Tann — a Smith & Wesson .38-caliber revolver — was logged into a computer at the U.S. Bureau of Alcohol, Tobacco and Firearms office in Fairfield and traced to a shipment of weapons stolen from a United Parcel Service warehouse in Parsippany.

This trace, along with numerous others, linked the same group of stolen guns to violent crimes in Essex County. That led to charges against Dexter Thomas, a UPS supervisor who had pilfered 250 weapons by placing new shipping labels over boxes at the warehouse.

Using recovered weapons to build cases against gun traffickers is emerging as a centerpiece in the nation's war on crime. President Clinton gave the effort his backing in July, announcing a pilot program in which 17 cities — including Jersey City and New York — agreed to provide the ATF with information on every gun used in a crime involving a juvenile. Under the initiative, the federal agency is to use the informa-

tion to gather intelligence on gun-trafficking patterns and build cases against major suppliers.

The effort is modeled in part on Project L.I.S.A., a program that New Jersey's ATF office established in 1993. It traces virtually every weapon seized by police and has uncovered several major trafficking cases, including the UPS case.

Over the past eight years, the number of juveniles arrested in New

Tracking of weapons exposes traffickers who sell to children

Jersey for violent crimes like murder, robbery and aggravated assault has increased 46 percent, according to State Police figures.

Some of the juvenile crimes have shocked the public, like the 1994 abduction and murder of businesswoman Sandra McKnight from her East-Orange driveway. The alleged killer was a 15-year-old boy who executed her with a 9 mm Intratech assault weapon.

In Tann's case, it was not a teenager who pulled the trigger. Police have charged a 38-year-old man, Gregory Wilson, with murder. He is awaiting trial.

Although Tann was raised in a Christian household and always was respectful of his mother, she found out after his death that he had been hiding guns in her house in Newark's Vailsburg section.

Guns are pervasive in her neighborhood. Jones says that when she walks out her doorway, sees young boys flashing 9 mm handguns like they were children's toys. She even hears the echo of gunfire on her way to church.

"Even when we go to our ministry at Seventh and Littleton, we hear the pop, pop, pop," Jones said. "You can buy guns like candy. If they were not so accessible, my son might be alive today."

Gun-control advocates and other backers are excited about the national initiative because they see it as putting law enforcement in the business of seriously tracking weapons sales for the first time. And they believe that unlike the war on drugs, a war on gun trafficking is one that can be won.

"Gun trafficking is an illicit market that currently functions almost without interference," said David Kennedy, a senior researcher at Harvard's Kennedy School of Government, whose studies helped shape Clinton's initiative. "People who sell guns illegally feel entirely safe. The public has no idea how wide open this traffic has been."

Kennedy's research grew out of his participation in an 18-month-old agreement between the ATF's Boston office and the Boston Police Department to track the origins of recovered handguns.

The project not only led to a number of significant gun-trafficking cases, it also yielded information about trafficking patterns, data that Kennedy says demonstrate that law enforcement can make a difference in keeping guns away from juveniles.

One of the key findings, he said, was that a large percentage of the guns recovered from Bostonians age 21 and younger were relatively new semi-automatic pistols. Juvenile criminals, unlike their adult counterparts, look for new weapons both because they carry status on the street and are unlikely to have been used in previous crimes, Kennedy said.

Of these newer weapons, the research showed, 60 percent had been seized by police within six months after they had been sold by a legitimate retailer. These findings are similar to data the ATF has developed in New Jersey.

"What we have found is a stream of very new semi-automatic pistols moving very quickly from retailers into

the hands of young criminals," Kennedy said. "To the extent that these weapons are newer, they won't have passed through a lot of hands. This is a much better investigative opportunity than some police revolver that has been floating around for 15 years."

A 1968 law that requires federally licensed firearms dealers to keep records on who purchases weapons is the starting point for the ATF's gun traces. In part because of political pressure from the National Rifle Association, the ATF for years had not been aggressive in using sales data to build trafficking cases.

But the picture changed when violent crime became an all-consuming political issue in the 1990s. Under a 1992 program dubbed Project Lead, the ATF created a software program to combine and analyze data gleaned from handgun traces around the country.

In the last several years, the software has been used in tracing programs in New York, New Jersey, Boston, Detroit and other cities, producing a wealth of gun-trafficking cases and valuable information on trafficking patterns in several key regions, according to ATF officials.

The national tracing program has been hampered by what ATF officials and others say has been uneven participation by police departments. The 17-city pilot is intended to improve that performance by securing a memorandum of understanding from each of the cities that pledges their cooperation in submitting weapons for traces.

Such cooperation has largely been achieved in New Jersey's Project L.I.S.A. The project was launched with an agreement between Faith Hochberg, the U.S. attorney in Newark, and former state Attorney General Deborah Poritz that committed each county prosecutor's office to submit virtually every seized weapon for ATF tracing.

Since the pact was reached, the number of guns traced by the ATF in Fairfield has increased dramatically, so much that the office has borrowed personnel from the New Jersey National Guard to handle the computer work. In a one-year period ending in September 1993, the office conducted 624 traces. That number jumped to 3,452 over the same period last year and is expected to be higher still this year.

Dominick Polifrone, the agent in charge of the New Jersey ATF office, said the program has produced a series of trafficking cases, many of which he said had started with the recovery of a single weapon.

"When a police officer recovers a single weapon, we have been able to initiate an investigation and take hundreds off the street," Polifrone said.

"We never had that kind of capability before."

Polifrone said the effort also has yielded a wealth of information on the sources of New Jersey's illegal weapons, which he said largely originate with federally licensed arms dealers in a handful of Southern states with loose gun laws.

Between September 1992 and July 1996, traces showed that Florida was the source of 400 guns seized in the Garden State, followed by Pennsylvania, with 379 guns; Virginia, with 239; Georgia, with 300; North Carolina, with 251; South Carolina, with 192; New York, with 179; and Texas, with 136. New Jersey itself was the source of 904 weapons seized here.

With the exception of New York and New Jersey, each of the states that is a major supplier for the Garden State allows customers to buy handguns after merely showing a driver's license and waiting a federally mandated five days for a criminal background check. Since guns that have been reported stolen generally do not need to be traced, virtually all the guns included in the statistics entered the illegal market after being sold legally by firearms dealers.

"We have a big problem involving violence with guns in New Jersey," Polifrone said, "and it has a lot to do with the influx of legally purchased weapons from the South."

Polifrone said New Jersey's illegal weapons are typically obtained from licensed dealers who live in Southern states and have no criminal records. Those people then sell them to New Jersey criminals, often in exchange for cocaine or heroin.

Some academic studies have shown that a relatively small number of licensed gun dealers sell a significant portion of the guns that end up in criminals' hands. In 1995, Glen Pierce, a Northeastern University researcher under contract with the ATF, completed a study of five years worth of ATF gun traces and found 120,000 cases in which guns could be traced to active dealers. Of these, 25 percent had been sold by just 145 dealers, who made up one-tenth of a percent of the 258,000 dealers licensed during the period of his research.

Josh Sugarmann, executive director of the Violence Policy Center, a Washington Foundation that supports gun control, said advocates like himself are enthusiastic about the new federal initiative because it shows Washington has become serious about confronting gun trafficking.

He said the ATF has laid a foundation for the program over the last few years by cracking down on "kitchen-table" gun dealers who flooded the nation with weapons throughout the 1980s, kept few records and were barely regulated by the federal agency. Sugarmann said tighter regulation had decreased the number of licensed dealers from 245,000 to 142,000 since 1992, a number that he said is projected to keep falling.

Clinton's initiative also was applauded by the Center to Prevent Handgun Violence, a Washington organization founded by Sarah Brady, the wife of former White House press spokesman James Brady who was shot and disabled by would-be presidential assassin John Hinckley.

"Juveniles can't walk into a store and buy a gun, but juveniles are getting guns somehow," said Holly Richardson, a spokeswoman for the group. "We need to disrupt that chain, and this initiative will help."

FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF POLICY DEVELOPMENT
(ENFORCEMENT)

Phone: (202) 662-0300

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Date:

(2) faxes

Page 1 of

8 / 1 of 9

TO:

Dennis Burke

FAX:

456-7028

FROM:

S Ginsburg

SUBJECT:

PFL Reduchonis

MESSAGE:

① package

② rest of package + news
clips (Dennis, I was
able to work with JAMA writer)
he came to WHDC on Youth, Drug Abuse + Violence

Ref table

KS	1909	3554	4056
KY	2500	4714	5302
LA	2227	4657	5609
ME	1062	2094	2392
MD	1868	3559	3864
MA	2477	4412	4898
MI	6041	11749	13264
MN	3174	5564	6246
MS	1903	3307	3702
MO	4391	7902	8940
MT	1968	3157	3398
NE	1400	2548	2922
NV	1045	2017	2288
NH	932	1617	1770
NJ	1080	1910	2159
NM	1120	1984	2237
NY	5315	10147	11357

NC	3710	6525	7627
ND	861	1522	1729
OH	5110	9151	10401
OK	2532	4368	4727
OR	2786	4779	5331
PA	6563	12108	13480
PR	103	167	189
RI	368	641	722
SC	1467	2539	2869
SD	850	1460	1706
TN	2761	4892	5595
TX	10016	18314	20601
UT	1150	2136	2341
VT	794	1480	1686
VA	3593	6903	7877
WA	2876	5816	6394
WV	1782	3161	3561

WI	3223	5871	6471
WY	1064	1704	1904



DEPARTMENT OF THE TREASURY
WASHINGTON

**RESULTS OF FEDERAL-LOCAL
JOINT INSPECTIONS OF FEDERAL FIREARMS LICENSEES**

Joint Federal-local inspections of Federally licensed gun dealers were undertaken after enactment of the Violent Crime Control Act of 1994, which required that Federal Firearms Licensees certify compliance with State and local laws as a condition of being licensed.

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:	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.

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DEPARTMENT OF THE TREASURY
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(ENFORCEMENT)

Phone: (202) 662-0300

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Date: Oct 25, 1996

Page 1 of 12

TO: Dennis Burke

FAX: 456 - 7028

FROM: Susan Ginsburg

SUBJECT: PFL Information

MESSAGE: Per Your Request

FEDERALLY LICENSED FIREARMS DEALERS

Tougher Licensing Requirements and Strengthened Law Enforcement

1. 2 PAGE ACCOMPLISHMENTS STATEMENT
2. FFL REDUCTIONS- TOTAL NUMBERS
 - a. FY 1975- FY 1996
 - b. April 1993- September 1996
4. FFL STATE BY STATE REDUCTION
 - a. Graph, as of October 4, 1996
 - b. Numbers, as of October 4, 1996 (4 pages)
5. FFL CITY BY CITY REDUCTION (AS AVAILABLE)
6. FFL APPLICATION
FFL RENEWAL APPLICATION
COLLECTORS APPLICATION



DEPARTMENT OF THE TREASURY
WASHINGTON

**FEDERALLY LICENSED FIREARMS DEALERS:
Tougher Licensing Requirements and Strengthened Law Enforcement**

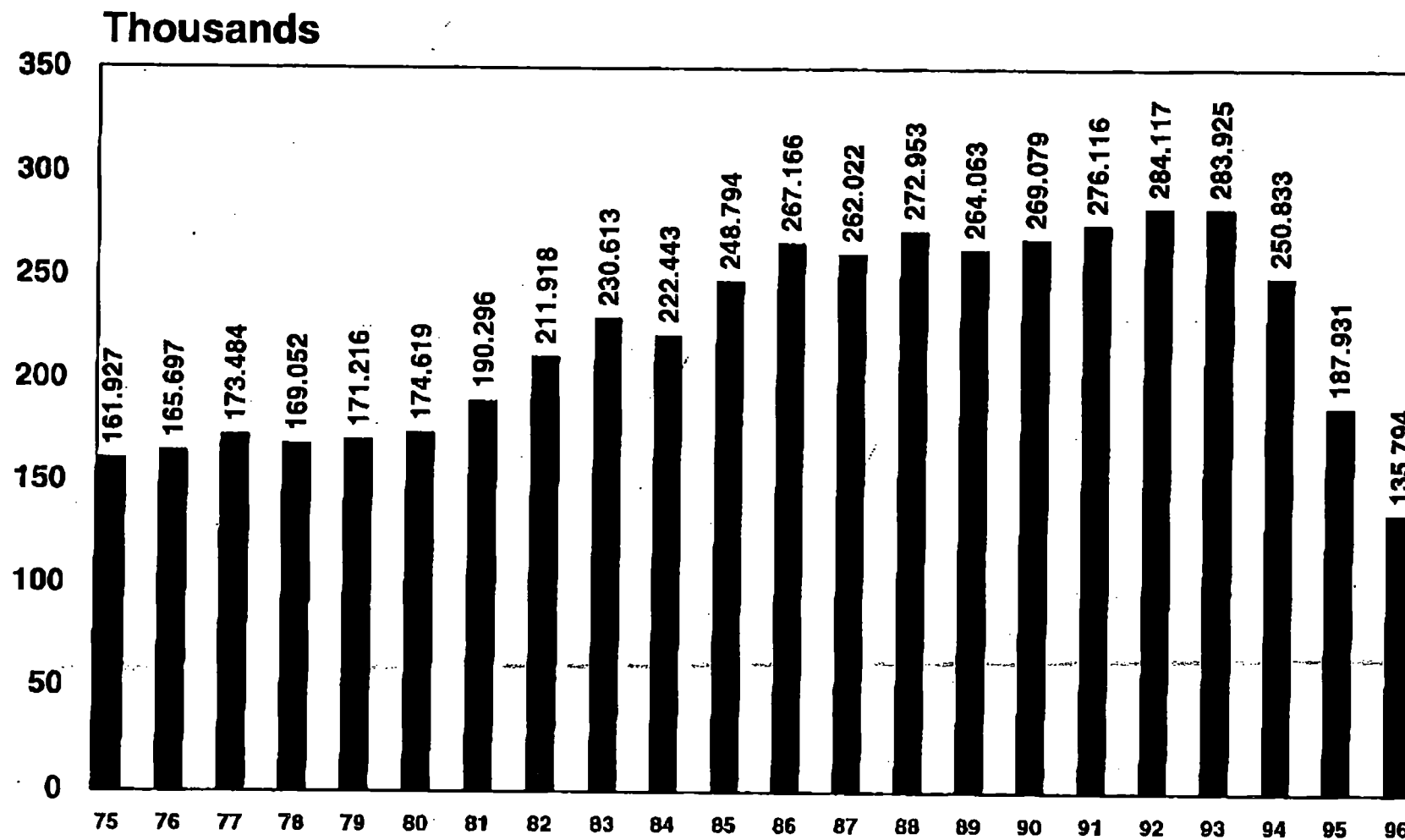
Since 1993, the Treasury Department, ATF, and Federal, State and local law enforcement, have taken significant steps to begin to reduce the illegal supply of guns to criminals and juveniles, by strengthening licensing requirements and law enforcement relating to Federally Licensed Firearms dealers (FFLs). The actions taken are summarized below:

- * **Fewer Federally Licensed Gun Dealers.** In 1993, there were 287,000 federally licensed firearms dealers (FFLs); the number now totals 134,703. By fall 1997, it will be in the range of 115,000 FFLs nationwide.
- * **Changes in Federal Gun Dealer Licensing.** The reduction in FFLs is due to new laws, regulations, and policies that make it tough for anyone not engaged in legitimate commercial gun business to obtain a license. Federal gun 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 a business premises; (3) notify their State or local Chief Law Enforcement Officer of intent to enter the gun business; (4) certify compliance with all State and local laws that apply to them; and (5) pay a 3-year fee of \$200, and a \$90 3-year renewal fee.
- * **Increased Federally Backed Local Enforcement of Gun Dealer Laws.** With Federal cooperation, local law enforcement in a number of cities have undertaken compliance checks of gun dealers to ensure compliance with State and local laws governing those businesses. This has resulted in reductions in the number of licensed gun dealers. For example: In New York City, there were 987 FFLs in 1993, there are 259 in 1996. In New Orleans there were 90 FFLs in 1995, there are 42 in 1996. In Detroit there were 468 in 1992, there are 92 in 1996. In Los Angeles County there were 4436 in 1993, there are 2247 in 1996.
- * **Streamlined Federal Application Process.** There is now a separate license for firearms collectors that requires less information than for dealers and costs \$30. Due to the thorough initial application process, renewal applications, which are tri-annual, are shorter.
- * **Impact on Gun Dealer Compliance.** FFLs who retain their licenses after being screened under the new rules are in compliance with the laws. Thus, a large proportion of former FFLs was either identified on the basis of the changes as being out of compliance with Federal, State or local law, or gave up their licenses because they did not have a commercial business that could sustain a \$200 fee. In addition, a small proportion of the former FFLs were likely associated with illegal activity. Since the passage of the Violent Crime Control Act of 1994, the firearms industry has markedly improved its record keeping practices, facilitating crime gun tracing.

- * **Most FFLs Are Law Abiding.** The overwhelming majority of Federally licensed gun dealers operate in a legal manner. Over 85% of FFLs in business in mid-1996 had no crime guns traced to them. *Note: a crime gun traced to a FFL does not mean that the FFL has engaged in criminal activity; multiple crime gun traces may provide a focus for further compliance checking or investigation.* Of the approximately 15% to which crime guns have been traced, only some of the FFLs will turn out to have been involved in criminal activity, as the dealer may have been the victim of theft, or the first sale may have been lawful.
- * **Significant Diversion to the Illicit 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 258,444 FFLs then in business, 33,267, or 27.7%, of these firearms were seized by law enforcement in connection with a crime within 2 years of the original sale. This rapid "time to crime" of a gun purchased from a FFL is a strong indicator that either the initial seller or purchaser was engaged in unlawful activity.
- * **The Brady Law.** The Brady Law is denying criminals one means of diversion from the legal gun market -- by barring over-the-counter purchases from FFLs by criminals and other prohibited persons. Over 60,000 felons, fugitives, and others have been stopped.
- * **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 Act first made reporting these guns a requirement. FFLs are also 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 men" purchasers who buy guns on behalf of those prohibited because of their age, or who fall within Brady Law categories.
- * **Scofflaw FFLs.** While most FFLs are law abiding, Federally licensed gun dealers who do engage in criminal activity can use their position to acquire and illegally traffick tremendous numbers of firearms. A single example of a larger problem: Two crime guns taken from Laguna Beach and Santa Ana, California teenagers with gang ties, proved to be among 1,700 crime guns sold illegally to local gang members and juveniles by a single FFL in Whittier, California.
- * **Increased Law Enforcement Focus on FFLs.** The problem of diversion to the criminal gun market from FFLs is concentrated: in mid-1996, about 60% of crime guns traced successfully originated with 1% of the Federally licensed dealers. These FFLs are a focus of the new National Firearms Trafficking Strategy and the Youth Crime Gun Interdiction Initiative, launched this year by ATF to apprehend suppliers of guns to criminals and young people. A random sample of the first 6 months of Trafficking Strategy cases found that 5% of the prosecutions recommended were against FFL dealers.

FEDERAL FIREARMS LICENSEE POPULATION

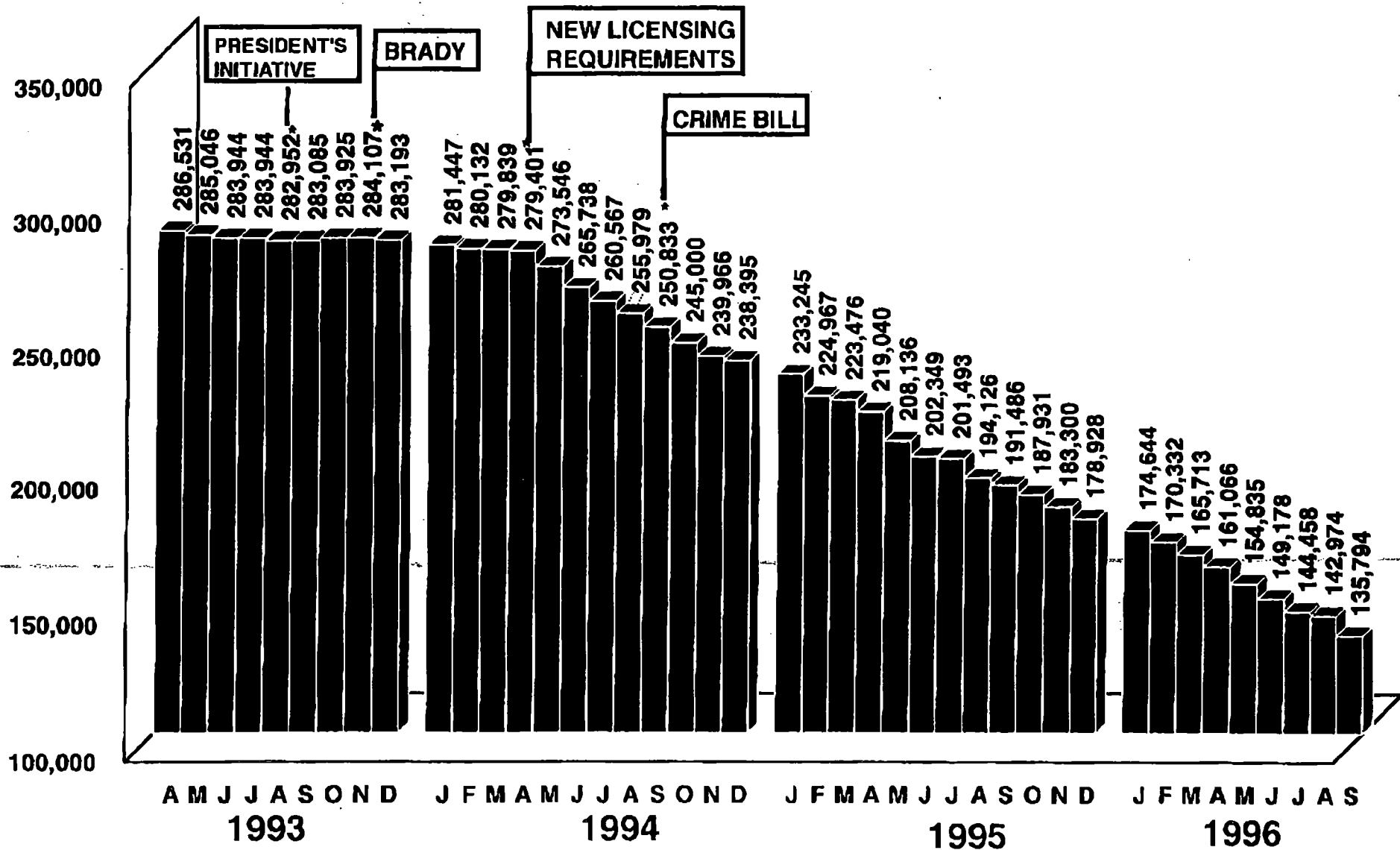
FY 1975 - FY 1996 *



* FY 96 FIGURES ARE AS OF 10/4/96

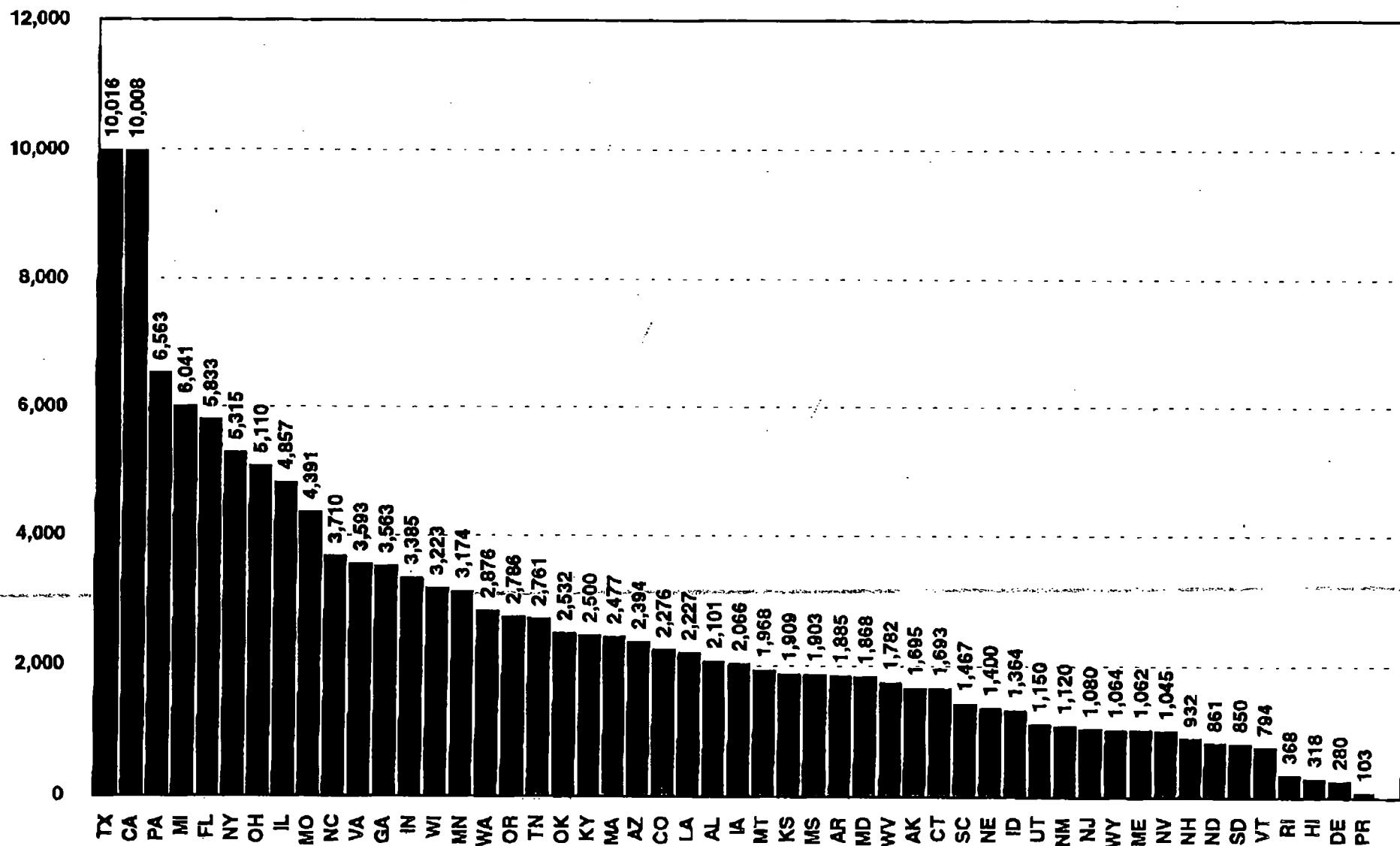
FEDERAL FIREARMS LICENSES

APRIL 1993 - SEPTEMBER 1996



FEDERAL FIREARMS LICENSES

(BY STATE) OCTOBER 4, 1996



FEDERAL FIREARMS LICENSES (BY STATE)

	CURRENT	CRIME BILL	PRE BRADY
STATE	10-4-96	10-4-94	9-2-93
AL	2101	3522	4104
AK	1695	2995	3409
AZ	2394	4258	4714
AR	1885	3371	3886
CA	10008	20998	23865
CO	2276	4059	5004
CT	1693	3465	3960
DE	280	552	585
FL	5833	11047	12406
GA	3563	6336	7164
HI	318	771	911
ID	1364	2362	2591
IL	4857	8758	10273
IN	3385	5858	6345
IA	2066	3684	4173

KS	1909	3554	4056
KY	2500	4714	5302
LA	2227	4657	5609
ME	1062	2094	2392
MD	1868	3559	3864
MA	2477	4412	4898
MI	6041	11749	13264
MN	3174	5564	6246
MS	1903	3307	3702
MO	4391	7902	8940
MT	1968	3157	3398
NE	1400	2548	2922
NV	1045	2017	2288
NH	932	1617	1770
NJ	1080	1910	2159
NM	1120	1984	2237
NY	5315	10147	11357

NC	3710	6525	7627
ND	861	1522	1729
OH	5110	9151	10401
OK	2532	4368	4727
OR	2786	4779	5331
PA	6563	12108	13480
PR	103	167	189
RI	368	641	722
SC	1467	2539	2869
SD	850	1460	1706
TN	2761	4892	5595
TX	10016	18314	20601
UT	1150	2136	2341
VT	794	1480	1686
VA	3593	6903	7877
WA	2876	5816	6394
WV	1782	3161	3561

WI	3223	5871	6471
WY	1064	1704	1904



DEPARTMENT OF THE TREASURY
WASHINGTON

**RESULTS OF FEDERAL-LOCAL
JOINT INSPECTIONS OF FEDERAL FIREARMS LICENSEES**

Joint Federal-local inspections of Federally licensed gun dealers were undertaken after enactment of the Violent Crime Control Act of 1994, which required that Federal Firearms Licensees certify compliance with State and local laws as a condition of being licensed.

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FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF POLICY DEVELOPMENT
(ENFORCEMENT)

Phone: (202) 662-0300

Fax: (202) 622-7301

Date: Oct. 28 '96

Page 1 of 5

TO: Rahm Emanuel

Dennis Burke

FAX: 456-6423

456-7028

FROM: Susan Ginsburg

SUBJECT: Information on FFL Reduction

MESSAGE: Please substitute the attached
① Accomplishments statement and ② city/co
reductions list, for those you have.
Also attached-new - is ③ list of FFL
types. Anecdotes to follow tomorrow.



DEPARTMENT OF THE TREASURY
WASHINGTON

**FEDERALLY LICENSED FIREARMS DEALERS:
Tougher Licensing Requirements and Strengthened Law Enforcement**

Since 1993, the Treasury Department, ATF, and Federal, State and local law enforcement, have taken significant steps to begin to reduce the illegal supply of guns to criminals and juveniles, by strengthening licensing requirements and law enforcement relating to Federal Firearms Licensees (FFLs). The actions taken are summarized below:

- * **Fewer Federally Licensed Gun Dealers.** In 1993, there were 287,000 Federal Firearms Licensees; the number now totals 134,703. By fall 1997, it will be in the range of 115,000 FFLs nationwide. *Note: There are 11 categories of FFLs, including dealers, importers, manufacturers, and collectors. All but approximately 20,000 are dealers.*
- * **Changes in Federal Gun Dealer Licensing.** The reduction in FFLs is due to new laws, regulations, and policies that make it tough for anyone not engaged in legitimate commercial gun business to 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 a business premises; (3) notify their State or local Chief Law Enforcement Officer of intent to enter the gun business; (4) certify compliance with all State and local laws that apply to them; and (5) pay a 3-year fee of \$200, and a \$90 3-year renewal fee.
- * **Increased Federally Backed Local Enforcement of Gun Dealer Laws.** With Federal cooperation, local law enforcement in a number of cities have undertaken compliance checks of FFLs to ensure compliance with State and local laws governing those businesses. This has resulted in reductions in the number of licensed gun dealers. For example: In New York City, there were 987 FFLs in 1993, there are 259 in 1996. In New Orleans there were 90 FFLs in 1995, there are 42 in 1996. In Detroit there were 468 in 1992, there are 92 in 1996. In Los Angeles County there were 4436 in 1993, there are 2247 in 1996.
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- * **Impact on Gun Dealer Compliance.** FFLs who retain their licenses after being screened under the new rules are in compliance with the laws. Thus, a large proportion of former FFLs was either identified on the basis of the changes as being out of compliance with Federal, State or local law, or gave up their licenses because they did not have a commercial business that could sustain a \$200 fee. In addition, a small proportion of the former FFLs were likely associated with illegal activity. Since the passage of the Violent Crime Control Act of 1994, the firearms industry has markedly improved its record keeping practices, facilitating crime gun tracing.

- * **Most FFLs Are Law Abiding.** The overwhelming majority of Federally licensed gun dealers operate in a legal manner. Over 85% of FFLs in business in mid-1996 had no crime guns traced to them. *Note: a crime gun traced to a FFL does not mean that the FFL has engaged in criminal activity; multiple crime gun traces may provide a focus for further compliance checking or investigation.* Of the approximately 15% to which crime guns have been traced, only some of the FFLs will turn out to have been involved in criminal activity, as the dealer may have been the victim of theft, or the first sale may have been lawful.
- * **Significant Diversion to the Illicit 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 258,444 FFLs then in business, 33,267, or 27.7%, of these firearms were seized by law enforcement in connection with a crime within 2 years of the original sale. This rapid "time to crime" of a gun purchased from a FFL is a strong indicator that either the initial seller or purchaser was engaged in unlawful activity.
- * **The Brady Law.** The Brady Law is denying criminals one means of diversion from the legal gun market — by barring over-the-counter purchases from FFLs by criminals and other prohibited persons. Over 60,000 felons, fugitives, and others have been stopped.
- * **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 Act first made reporting these guns a requirement. FFLs are also 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 men" purchasers who buy guns on behalf of those prohibited because of their age, or who fall within Brady Law categories.
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DEPARTMENT OF THE TREASURY
WASHINGTON

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FEDERAL FIREARMS LICENSE TYPES

<u>TYPE</u>	<u>DESCRIPTION OF LICENSE TYPE</u>
01/02	Dealer (01), including pawnbroker (02), in firearms other than destructive devices. This includes pistols, revolvers, rifles, shotguns and National Firearms Act (NFA) weapons. Gunsmith activities are also included in this category.
03	Collector of curio and relic firearms. This license is for use by individuals to acquire firearms, classified as curios and relics, in interstate or foreign commerce, to facilitate a <u>personal</u> collection.
06	Manufacturer of ammunition for firearms other than ammunition for destructive devices or armor piercing ammunition.
07	Manufacturer of firearms other than destructive devices. This includes pistols, revolvers, rifles, shotguns and National Firearms Act (NFA) weapons.
08	Importer of firearms other than destructive devices or ammunition for firearms other than destructive devices, or ammunition other than armor piercing ammunition. This includes pistols, revolvers, rifles, shotguns and National Firearms Act (NFA) weapons.
09	Dealer in destructive devices.
10	Manufacturer of destructive devices, ammunition for destructive devices or armor piercing ammunition.
11	Importer of destructive devices, ammunition for destructive devices or armor piercing ammunition.

FEDERALLY LICENSED FIREARMS DEALERS

Tougher Licensing Requirements and Strengthened Law Enforcement

1. 2 PAGE ACCOMPLISHMENTS STATEMENT
2. FFL REDUCTIONS- TOTAL NUMBERS
 - a. FY 1975- FY 1996
 - b. April 1993- September 1996
4. FFL STATE BY STATE REDUCTION
 - a. Graph, as of October 4, 1996
 - b. Numbers, as of October 4, 1996 (4 pages)
5. FFL CITY BY CITY REDUCTION (AS AVAILABLE)
6. FFL APPLICATION
FFL RENEWAL APPLICATION
COLLECTORS APPLICATION



DEPARTMENT OF THE TREASURY
WASHINGTON

**FEDERALLY LICENSED FIREARMS DEALERS:
Tougher Licensing Requirements and Strengthened Law Enforcement**

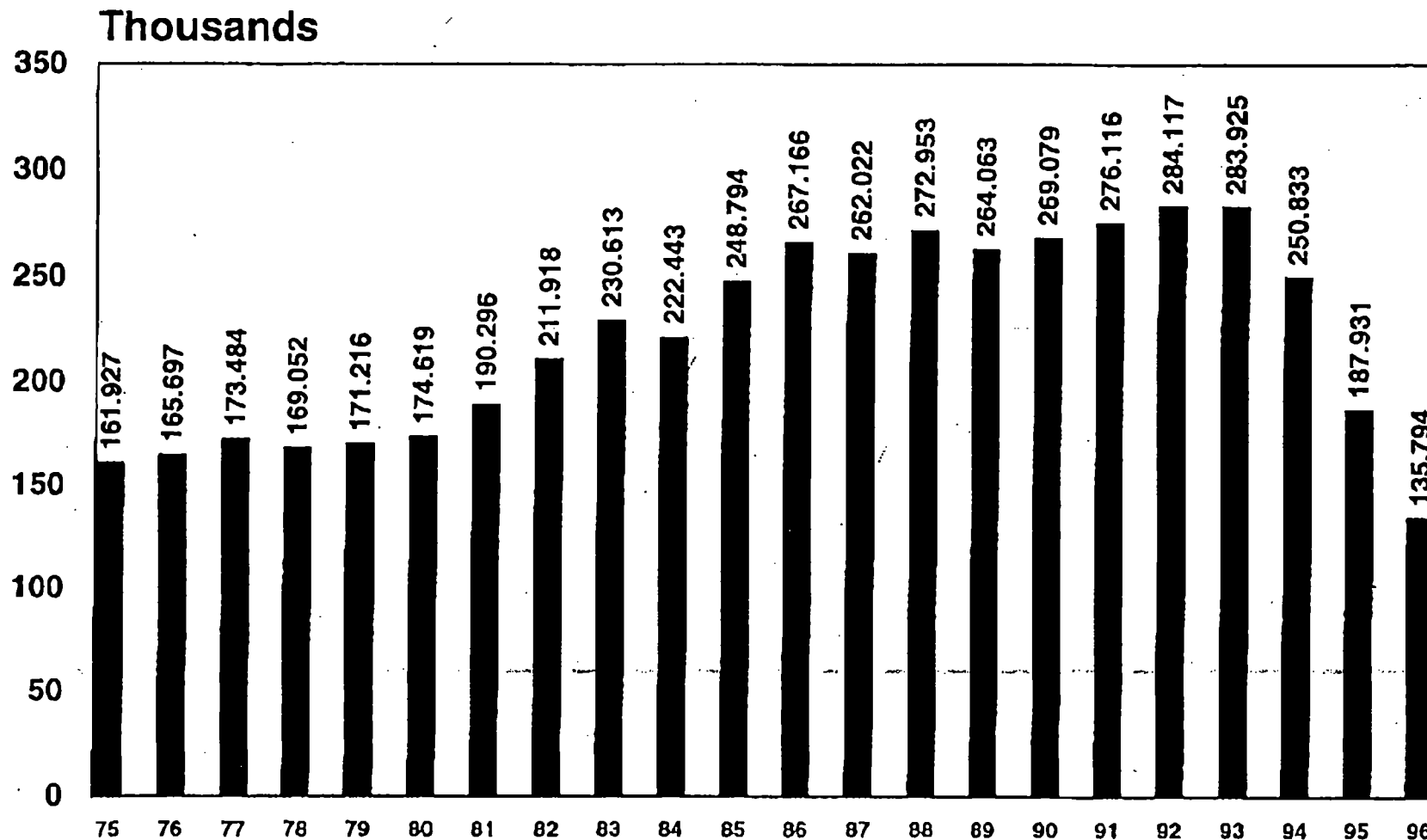
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FEDERAL FIREARMS LICENSEE POPULATION

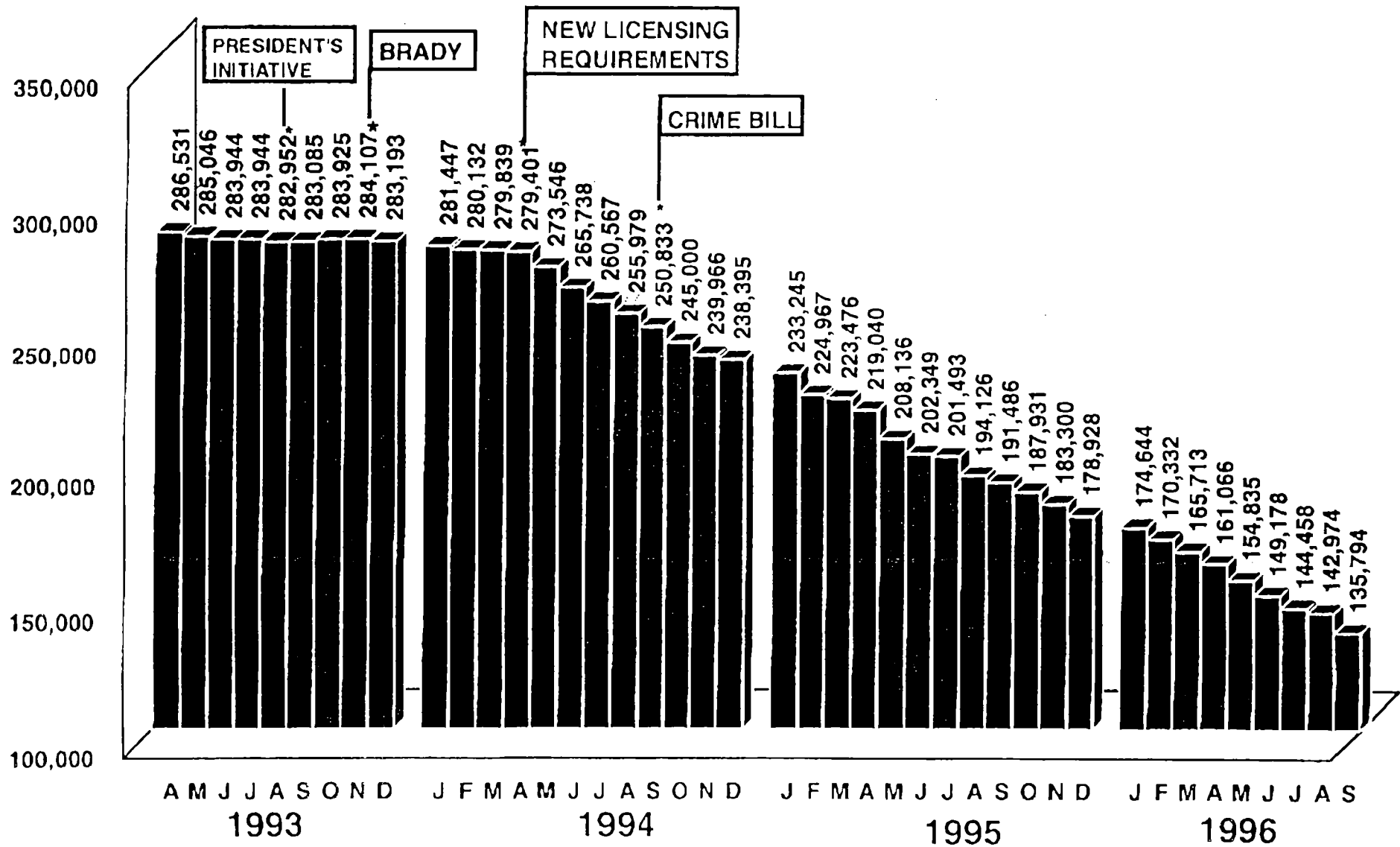
FY 1975 - FY 1996 *



* FY 96 FIGURES ARE AS OF 10/4/96

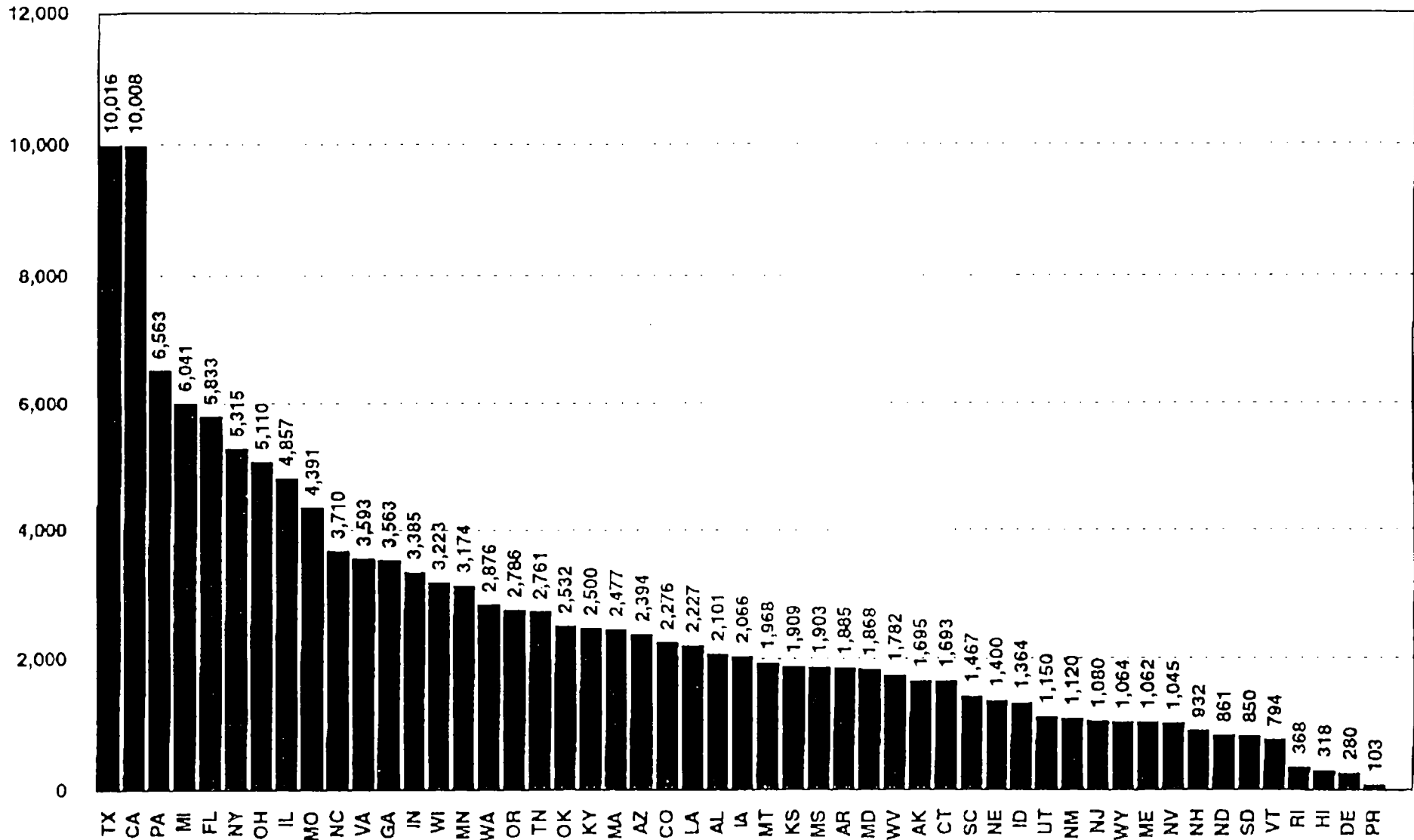
FEDERAL FIREARMS LICENSES

APRIL 1993 - SEPTEMBER 1996



FEDERAL FIREARMS LICENSES

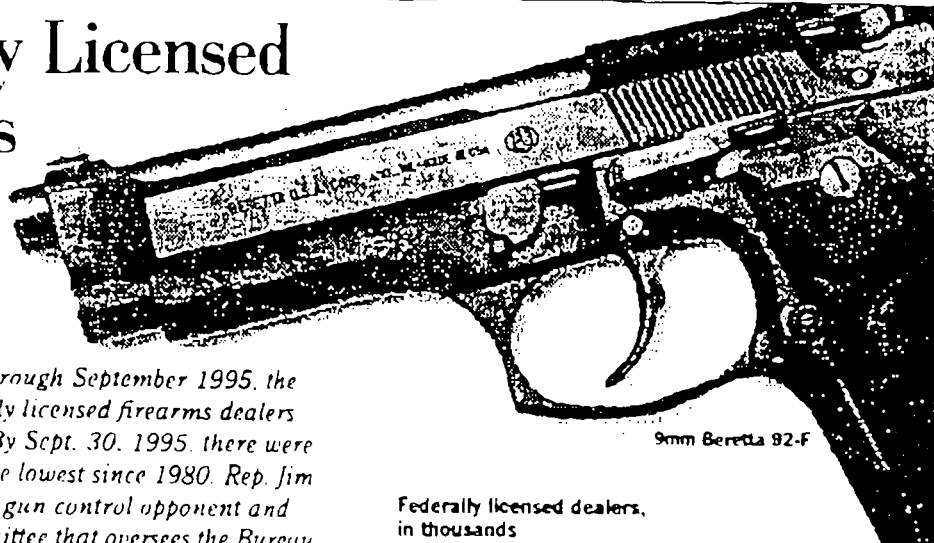
(BY STATE) OCTOBER 4, 1996



FEDERAL FIREARMS LICENSES (BY STATE)

	CURRENT	CRIME BILL	PRE BRADY
STATE	10-4-96	10-4-94	9-2-93
AL	2101	3522	4104
AK	1695	2995	3409
AZ	2394	4258	4714
AR	1885	3371	3886
CA	10008	20998	23865
CO	2276	4059	5004
CT	1693	3465	3960
DE	280	552	585
FL	5833	11047	12406
GA	3563	6336	7164
HI	318	771	911
ID	1364	2362	2591
IL	4857	8758	10273
IN	3385	5858	6345
IA	2066	3684	4173

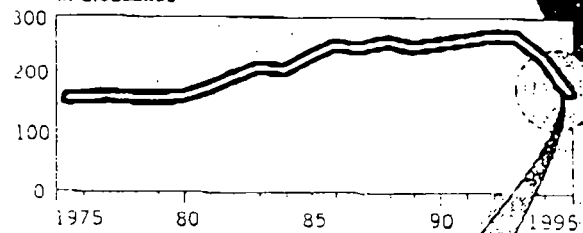
Federally Licensed Firearms Dealers Drop



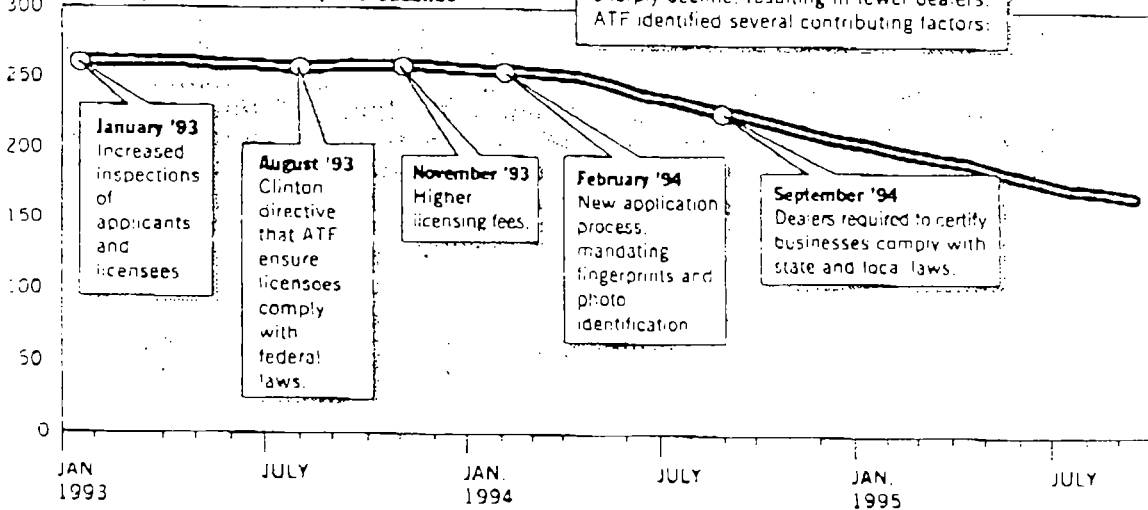
9mm Beretta 92-F

From April 1993 through September 1995, the number of federally licensed firearms dealers dropped 35 percent. By Sept. 30, 1995, there were 168,395 licensees—the lowest since 1980. Rep. Jim Lightfoot (R-Iowa), a gun control opponent and chairman of the committee that oversees the Bureau of Alcohol, Tobacco and Firearms, asked the General Accounting Office to study what role ATF application and inspection procedures played in that nationwide decline. The GAO concluded that it was not ATF policy to reduce the number of dealers; rather, several factors contributed—among them, increased scrutiny of applicants and dealers, more thorough application requirements, higher licensing fees and state and local enforcement efforts.

Federally licensed dealers, in thousands



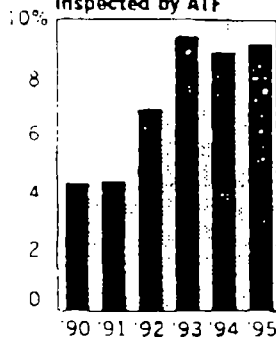
Federally licensed dealers, in thousands



After a steady rise, applications for new and renewed firearms dealer licenses began to sharply decline, resulting in fewer dealers. ATF identified several contributing factors:

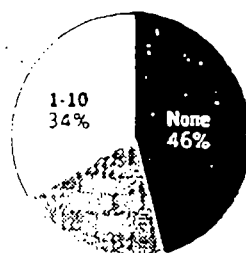
Facing more ATF inspections...

Licensed dealers inspected by ATF



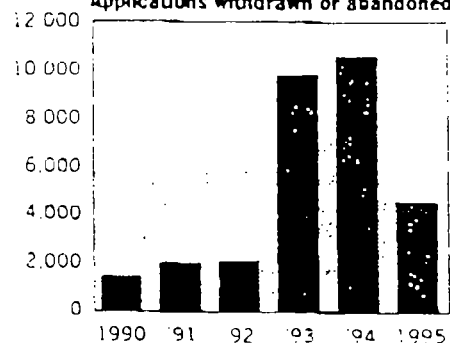
...licensees without legitimate dealerships...

Handguns sold by licensed dealers, 1992-93



...may have given up on their applications.

Applications withdrawn or abandoned



Strategic Thinking About Gun Markets and Violence

Handguns, like cars, are durable, dangerous commodities, long prevalent in American households, with millions sold new every year. But unlike cars, handguns are the subject of an acrimonious national debate concerning appropriate restrictions on commerce, ownership, and use. The principal animus for this debate is the link between handguns and crime: they are, after all, the principal tool in lethal assaults, but for many people they are also a valued tool for self-defense against violent predators. The potential for both good and ill underlies the apparently conflicting trends in the policy arena: While in recent years a number of states have eased restrictions on carrying concealed guns, the federal government and some states have taken steps to regulate handgun sales more closely and crack down on illicit gun trafficking. Yet both trends arguably fit the overarching objective, broadly supported by the American public,¹ of preserving legitimate uses while suppressing gun crime. Research of the sort reported in this *JAMA* theme issue on guns and violence will enhance our search for this common ground.

One concern that unites the adult public is unsupervised handgun possession by youths. Between 1985 and 1993, the teenage homicide rates (both as victims and as perpetrators) more than doubled, with guns accounting for almost all of the extra deaths.^{2,3} One plausible explanation for this epidemic increase, which has been confined to people in their teens and 20s, traces it to the crack cocaine trade and its violent repercussions.^{2,4} In 1 city after another, the introduction of crack in the mid 1980s lured young men into this dangerous business and provided them with the means and the incentive to acquire guns. With more guns in circulation among urban youths, routine conflicts have become far more deadly.

In this theme issue, the article by Kachur et al⁵ calls attention to a small but particularly troubling part of this trend, lethal violence in schools. These authors observe that nationally, most school-associated violent deaths from 1992 through 1994 resulted from the use of handguns, and that

primary offenders were more likely than victims to have had a history of previous criminal charges. On the basis of these findings, Kachur et al conclude that violent deaths associated with schools are epidemiologically similar to violent deaths among young people in general, and they recommend that school violence be dealt with in its larger community context. In other words, to prevent deadly violence in schools, a logical approach is to separate youth from guns.

Economics suggests 2 approaches to separating youths from guns: reduce the availability through supply-oriented interventions, or reduce the demand through interventions aimed at increasing the costs or reducing the perceived benefits of gun possession. The same conceptual framework is also helpful in considering how to discourage dangerous adults from possessing or carrying guns. Implementing an effective "supply-side" approach—reducing availability—requires understanding the market for guns in which youths and felons conduct most of their gun transactions.⁶ Rather than buy directly from legitimate retail dealers, they typically obtain their guns in off-the-books transactions with acquaintances, family members, or illegal market dealers, as suggested by the article in this issue by Ash et al.⁷ Based on interviews of a convenience sample of incarcerated juvenile offenders in Atlanta, Ga, a city where gun ownership is prevalent in the general population and relatively unregulated, the authors document the juveniles' extensive involvement with guns. The respondents mention a variety of sources for their guns, including friends and family, but also theft and other sources on the street. Other surveys of such populations have obtained qualitatively similar findings.^{8,9}

Young people and criminals constitute the "illicit sector" of the larger gun market, since the transactions by which they acquire guns are almost all prohibited by federal law. It is useful to distinguish between the circulation of guns within this illicit sector, which is for the most part what the youthful respondents are telling us about, and the movement of guns into this sector from the realm of legal ownership. The flow from licit to illicit has several major sources, including theft (a half million guns are stolen each year from vehicles, homes, and commercial places⁶); scofflaw retailers who are willing to

Dr Cook is with the Terry Sanford Institute of Public Policy, Duke University, Durham, NC. Dr Cole is the current Fishbein Fellow, *JAMA*.
Reprints: Thomas B. Cole, MD, MPH, *JAMA*, 515 N State St, Chicago, IL 60610.

sell under the counter to prohibited purchasers; straw-man purchasers who buy guns on behalf of those who are prohibited because of their age or criminal record; and gun traffickers who act as arbitrageurs, buying guns in loosely regulated jurisdictions and reselling them elsewhere.

This analysis suggests a variety of possible tactics for reducing availability. To slow the flow of guns into the illicit sector, it seems important to put the scofflaw dealers out of business and reduce gun theft, while cracking down on interstate trafficking. To disrupt the redistribution of guns within the illicit sector, law enforcement authorities should place a priority on gathering intelligence on who is dealing guns on the street. The combination of such efforts would help increase prices of guns sold to legally proscribed buyers and increase the time and hassle required to make a "connection." The upshot would be an increased tendency on the part of youths and criminals to economize on their gun possession and use. As guns become scarcer and more valuable, they will be slower to buy and quicker to sell, thus reducing the percentage of their criminal careers in which they are in possession of 1 or more guns.⁹

This supply-side approach would seem futile if one accepts the common assumption that guns are "everywhere," that almost anyone can quickly and cheaply obtain a gun regardless of age or place of residence. Some statistics suggest otherwise. For example, according to victim reports, most robbers (75% nationwide) do not use a gun, despite the evident tactical advantages of doing so.¹⁰ Interviews with active criminals provide confirmatory evidence: A recent study of teenaged gang members in a northeastern city found that only one third owned a gun¹¹; interviews with arrestees in 11 other cities found a similar rate of gun ownership for all juvenile males in the sample.¹² While this rate is unacceptably low, it suggests that a large majority of crime-involved youth do not own a gun.

The city of Boston, Mass, working with researchers from Harvard University, has launched a promising youth violence intervention that includes an effort to interdict sources of guns to gang members.¹³ The importance of this effort is clear in the homicide statistics: While less than 1% of youth in the city belong to violent street gangs, those gangs are responsible for at least 60% of youth homicide. The Boston Police Department and other local and federal authorities are working to identify those who traffic guns to gang members, in the belief that gang members would be far less deadly to each other and to the public if they were less likely to be armed.

Encouragingly, the supply-side approach has recently been embraced by the federal regulatory agency responsible for such matters, the Bureau of Alcohol, Tobacco, and Firearms (ATF). Federal dealers' licenses are now being issued far more selectively than during the previous administrations, and the number of licensees has dropped more than 100 000 from a peak of 260 000 in 1993 and is still falling (William Earle, deputy associate director of ATF, oral communication, March 6, 1996). With the elimination of many marginal dealers, ATF regulatory and enforcement resources are spread less thinly. Further, ATF has developed a new system for targeting scofflaw dealers and traffickers that makes systematic use of data generated from traces of crime guns. And a new federal program is being developed for testing in a number of cities, a coordinated effort by ATF and local law enforcement agencies to disrupt the markets that illegally

supply guns to youths (Joseph Vince, Jr, chief, ATF Firearms Enforcement Division, oral communication, March 6, 1996).

Some states have also moved to regulate supply. In this issue of *JAMA*, Weil and Knox¹⁴ evaluate the effect of a state law designed to constrict the secondary market for guns by limiting the purchase of new handguns in Virginia. Long known by gunrunners along the Interstate 95 corridor as being a convenient place to acquire weapons for resale in states with more restrictive gun laws, the state of Virginia acted in 1993 to restrict the purchase of firearms to 1 handgun per person a month. According to Weil and Knox, the effect of this law was to reduce by more than 70% the likelihood that a handgun recovered by police in New York or Boston could be traced to Virginia rather than another southeastern state.

The authors' analysis did not determine whether traffickers who had been using Virginia dealers as their source shifted their purchases to another state. But allowing for this possibility, they call for a national 1-handgun-a-month law to disrupt the illegal interstate transfer of firearms.¹⁴

Another report has suggested that there was indeed some displacement as a result of Virginia's law, with Maryland supplanting Virginia as a primary source of guns to Washington, DC.¹⁵ In response, the state of Maryland recently enacted its own version of the 1-handgun-a-month requirement, in addition to strengthening regulation of transactions in the secondary market.¹⁶

While the supply-side approach is in an early phase in terms of applicable knowledge, we have more evidence on the efficacy of law enforcement efforts to reduce demand, and more specifically to discourage carrying and use of guns in crime. Of course, the principal approach to discouraging gun crime is deterrence and incapacitation through law enforcement. Of particular note is the evidence suggesting that additional sentencing provisions for gun use in crime are effective in reducing criminal gun use and homicide.¹⁷

It also appears feasible for law enforcement, when properly directed, to deter illicit gun carrying. A gun enforcement program was recently evaluated in Kansas City, Mo, with promising results.¹⁸ Police officers were paid overtime to patrol by vehicle a single high-crime beat with the mission of seizing guns carried illegally by motorists. As a result, the number of guns seized increased, and, more importantly, there was a substantial reduction in the number of gun crimes. Another similar beat in which there were no special patrols experienced little change in either measure during the same period. It is noteworthy that the New York City police have adopted an aggressive program for getting guns off the streets, which is 1 aspect of the innovative tactics that former New York City Police Commissioner William J. Bratton has credited for the sharp reduction in homicide rates in recent years.¹⁹

Local gun-oriented policing, while apparently effective, is costly and may jeopardize police-community relations. A more appealing approach involves noncoercive means to persuade youths to stay clear of guns. Parents, teachers, television scriptwriters, and even physicians might play a role in this effort, but to date we lack systematic evidence on what works.²⁰

What we have been outlining here is a multifaceted approach to reducing gun violence, guided by analysis and evidence. Despite the heated opposition to gun-control measures, all of these tactics are being used. But if we compare efforts to reduce gun injuries with other product-oriented safety campaigns, and particularly with the highly successful

campaign to reduce motor vehicle fatalities, there is an important missing piece—product design. With a few important exceptions (most noticeably, the ban on weapons of mass destruction, such as fully automatic rifles), there is little regulation of gun design. As Wintemute²¹ points out, the mix of guns sold each year may be of considerable relevance to the lethality of gun attacks. In that respect, recent trends are disturbing, as new handguns manufactured or imported for the domestic market have increased in power, capacity, and accuracy—in a word, in deadliness.

Wintemute concludes, however, that the existing surveillance systems maintained by health and criminal justice organizations are not yet capable of monitoring changes in the design of firearms and the injuries they inflict by firearm make and model. Certainly, useful population-based firearm injury surveillance systems do exist. The National Electronic Injury Surveillance System stores information on the victim-shooter relationship, the firearm type (handgun, shotgun, rifle), and the activity involved,²² but this system lacks the level of detail about firearm make, model, and source that is required for a better understanding of shooting circumstances and product design. Similarly, the surveillance system for fatal and nonfatal firearm injuries described by Sadowski and Muñoz²³ in this issue, although the first of its kind for a rural county, lacks information on local gun markets.

Behavioral risk factor surveillance²⁴ and hospital discharge data systems²⁵ can provide useful information on such matters as firearm storage practices and hospitalizations for firearm injury, but they too lack information on weapon characteristics, sources, and patterns of use. One successful model for the type of firearm injury reporting system that is needed is the Fatal Accident Reporting System (FARS) maintained by the National Highway Traffic Safety Administration.²⁶ FARS, which collects data and compiles statistics from motor vehicle crash reports, has yielded valuable information about the association of alcohol and traffic injury, the circumstances of single- and multiple-vehicle traffic injury, and product-specific risks for injury. To integrate law enforcement, criminal justice, and public health approaches to the prevention of firearm violence, a surveillance system that combines product-specific data with descriptions of the shooting should be readily available in a form that is useful to professionals concerned with the control of firearm violence.

Such a system should include information on the provenance of any gun used in a shooting and, in particular, whether it had been bought, stolen, or shared. The system should indicate the motivation and circumstances of the gun attack. Ultimately, a good firearm injury surveillance system should be both an investigative tool and an empirical basis for evaluating interventions designed to shrink the illicit supply sector or to discourage violent people from carrying guns; such evaluations could offer support for effective violence prevention policies while identifying those that are ineffective.

Although *THE JOURNAL* carried this message as recently as this past January,²⁶ it is necessary to reiterate. Why? First

of all, the epidemic of firearm violence among young people, particularly young men, shows no sign of abating. Second, this *JAMA* theme issue on violence offers the opportunity to explain specifically what kind of information is needed. A reliable firearm injury surveillance system that collects data on shootings will support the pursuit of our common purpose, finding practical ways to reduce firearm violence.

With 40 000 people shot dead every year in the United States²⁷ and more than 150 000 seriously injured,²⁸⁽¹⁷⁵¹⁾ the stakes are very high. The good news is that, contrary to what many well-meaning people seem to believe, a wide array of promising interventions are available, and the politics of this issue, acrimonious though they may be at times, have not proved to be an insurmountable obstacle. We believe that better data and dispassionate research may provide the impetus to effective action.

Philip J. Cook, PhD

Thomas B. Cole, MD, MPH

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FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF POLICY DEVELOPMENT
(ENFORCEMENT)

Phone: (202) 662-0300

Fax: (202) 622-7301

Date:

(2) faxes

Page 1 of 8 / 1 of 9

TO:

Dennis Burke

FAX:

456-7028

FROM:

S Ginsburg

SUBJECT:

PFL Reduchois

MESSAGE:

① package

② rest of package + news
clips (Dennis, I was
able to work with JAMA writer)

FEDERALLY LICENSED FIREARMS DEALERS

Tougher Licensing Requirements and Strengthened Law Enforcement

1. 2 PAGE ACCOMPLISHMENTS STATEMENT
2. FFL REDUCTIONS- TOTAL NUMBERS
 - a. FY 1975- FY 1996
 - b. April 1993- September 1996
4. FFL STATE BY STATE REDUCTION
 - a. Graph, as of October 4, 1996
 - b. Numbers, as of October 4, 1996 (4 pages)
5. FFL CITY BY CITY REDUCTION (AS AVAILABLE)
6. FFL APPLICATION
FFL RENEWAL APPLICATION
COLLECTORS APPLICATION

RAHM -

Good stats but sucks
as a report. Ginsburg
Claims Ray Kelly will not
send us a "Report" because
he views it as too political.
Someone higher than Ginsburg
has to focus on this over there
DB



DEPARTMENT OF THE TREASURY
WASHINGTON

**FEDERALLY LICENSED FIREARMS DEALERS:
Tougher Licensing Requirements and Strengthened Law Enforcement**

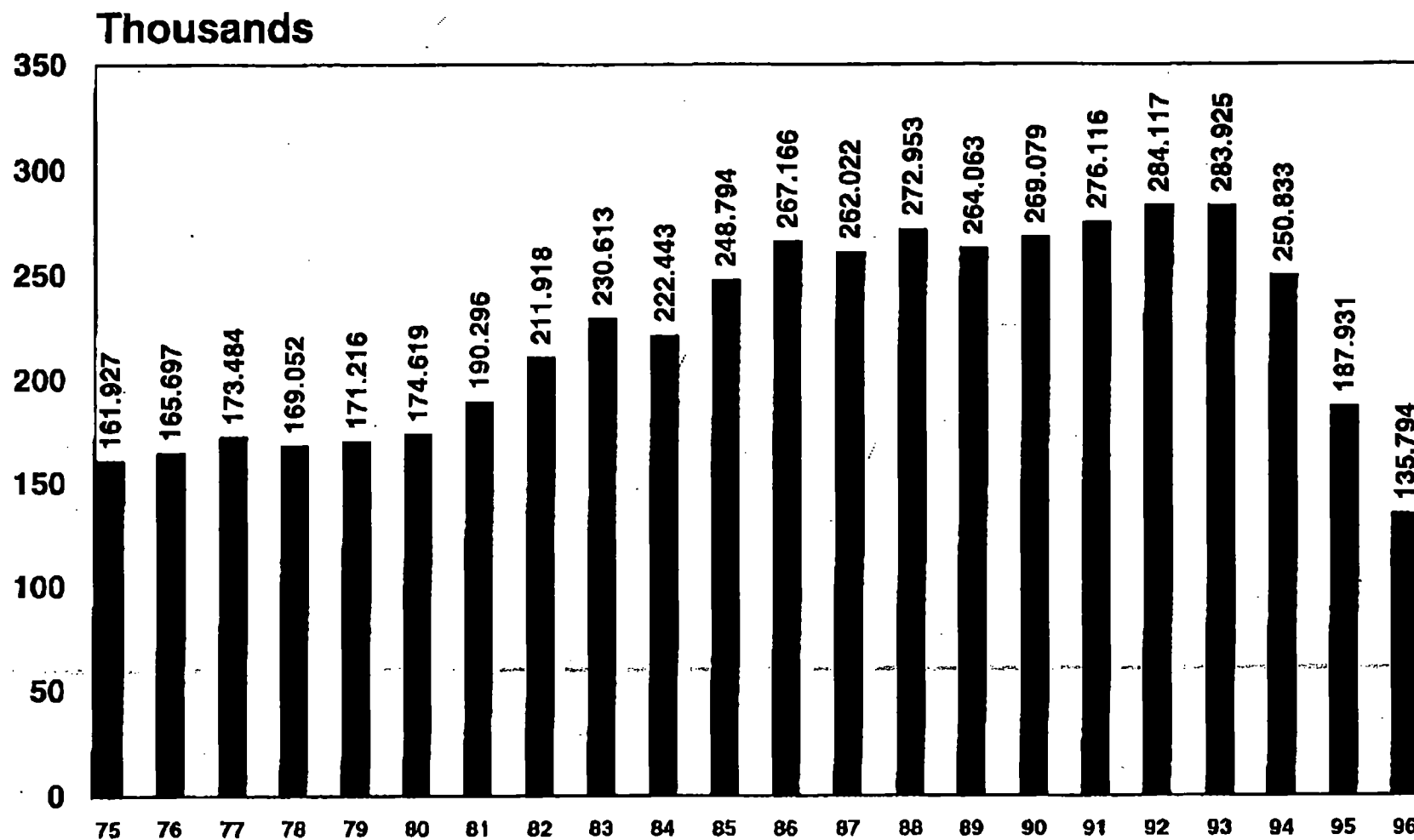
Since 1993, the Treasury Department, ATF, and Federal, State and local law enforcement, have taken significant steps to begin to reduce the illegal supply of guns to criminals and juveniles, by strengthening licensing requirements and law enforcement relating to Federally Licensed Firearms dealers (FFLs). The actions taken are summarized below:

- * **Fewer Federally Licensed Gun Dealers.** In 1993, there were 287,000 federally licensed firearms dealers (FFLs); the number now totals 134,703. By fall 1997, it will be in the range of 115,000 FFLs nationwide.
- * **Changes in Federal Gun Dealer Licensing.** The reduction in FFLs is due to new laws, regulations, and policies that make it tough for anyone not engaged in legitimate commercial gun business to obtain a license. Federal gun 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 a business premises; (3) notify their State or local Chief Law Enforcement Officer of intent to enter the gun business; (4) certify compliance with all State and local laws that apply to them; and (5) pay a 3-year fee of \$200, and a \$90 3-year renewal fee.
- * **Increased Federally Backed Local Enforcement of Gun Dealer Laws.** With Federal cooperation, local law enforcement in a number of cities have undertaken compliance checks of gun dealers to ensure compliance with State and local laws governing those businesses. This has resulted in reductions in the number of licensed gun dealers. For example: In New York City, there were 987 FFLs in 1993, there are 259 in 1996. In New Orleans there were 90 FFLs in 1995, there are 42 in 1996. In Detroit there were 468 in 1992, there are 92 in 1996. In Los Angeles County there were 4436 in 1993, there are 2247 in 1996.
- * **Streamlined Federal Application Process.** There is now a separate license for firearms collectors that requires less information than for dealers and costs \$30. Due to the thorough initial application process, renewal applications, which are tri-annual, are shorter.
- * **Impact on Gun Dealer Compliance.** FFLs who retain their licenses after being screened under the new rules are in compliance with the laws. Thus, a large proportion of former FFLs was either identified on the basis of the changes as being out of compliance with Federal, State or local law, or gave up their licenses because they did not have a commercial business that could sustain a \$200 fee. In addition, a small proportion of the former FFLs were likely associated with illegal activity. Since the passage of the Violent Crime Control Act of 1994, the firearms industry has markedly improved its record keeping practices, facilitating crime gun tracing.

- * **Most FFLs Are Law Abiding.** The overwhelming majority of Federally licensed gun dealers operate in a legal manner. Over 85% of FFLs in business in mid-1996 had no crime guns traced to them. *Note: a crime gun traced to a FFL does not mean that the FFL has engaged in criminal activity; multiple crime gun traces may provide a focus for further compliance checking or investigation.* Of the approximately 15% to which crime guns have been traced, only some of the FFLs will turn out to have been involved in criminal activity, as the dealer may have been the victim of theft, or the first sale may have been lawful.
- * **Significant Diversion to the Illicit 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 258,444 FFLs then in business, 33,267, or 27.7%, of these firearms were seized by law enforcement in connection with a crime within 2 years of the original sale. This rapid "time to crime" of a gun purchased from a FFL is a strong indicator that either the initial seller or purchaser was engaged in unlawful activity.
- * **The Brady Law.** The Brady Law is denying criminals one means of diversion from the legal gun market -- by barring over-the-counter purchases from FFLs by criminals and other prohibited persons. Over 60,000 felons, fugitives, and others have been stopped.
- * **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 Act first made reporting these guns a requirement. FFLs are also 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 men" purchasers who buy guns on behalf of those prohibited because of their age, or who fall within Brady Law categories.
- * **Scofflaw FFLs.** While most FFLs are law abiding, Federally licensed gun dealers who do engage in criminal activity can use their position to acquire and illegally traffic tremendous numbers of firearms. A single example of a larger problem: Two crime guns taken from Laguna Beach and Santa Ana, California teenagers with gang ties, proved to be among 1,700 crime guns sold illegally to local gang members and juveniles by a single FFL in Whittier, California.
- * **Increased Law Enforcement Focus on FFLs.** The problem of diversion to the criminal gun market from FFLs is concentrated: in mid-1996, about 60% of crime guns traced successfully originated with 1% of the Federally licensed dealers. These FFLs are a focus of the new National Firearms Trafficking Strategy and the Youth Crime Gun Interdiction Initiative, launched this year by ATF to apprehend suppliers of guns to criminals and young people. A random sample of the first 6 months of Trafficking Strategy cases found that 5% of the prosecutions recommended were against FFL dealers.

FEDERAL FIREARMS LICENSEE POPULATION

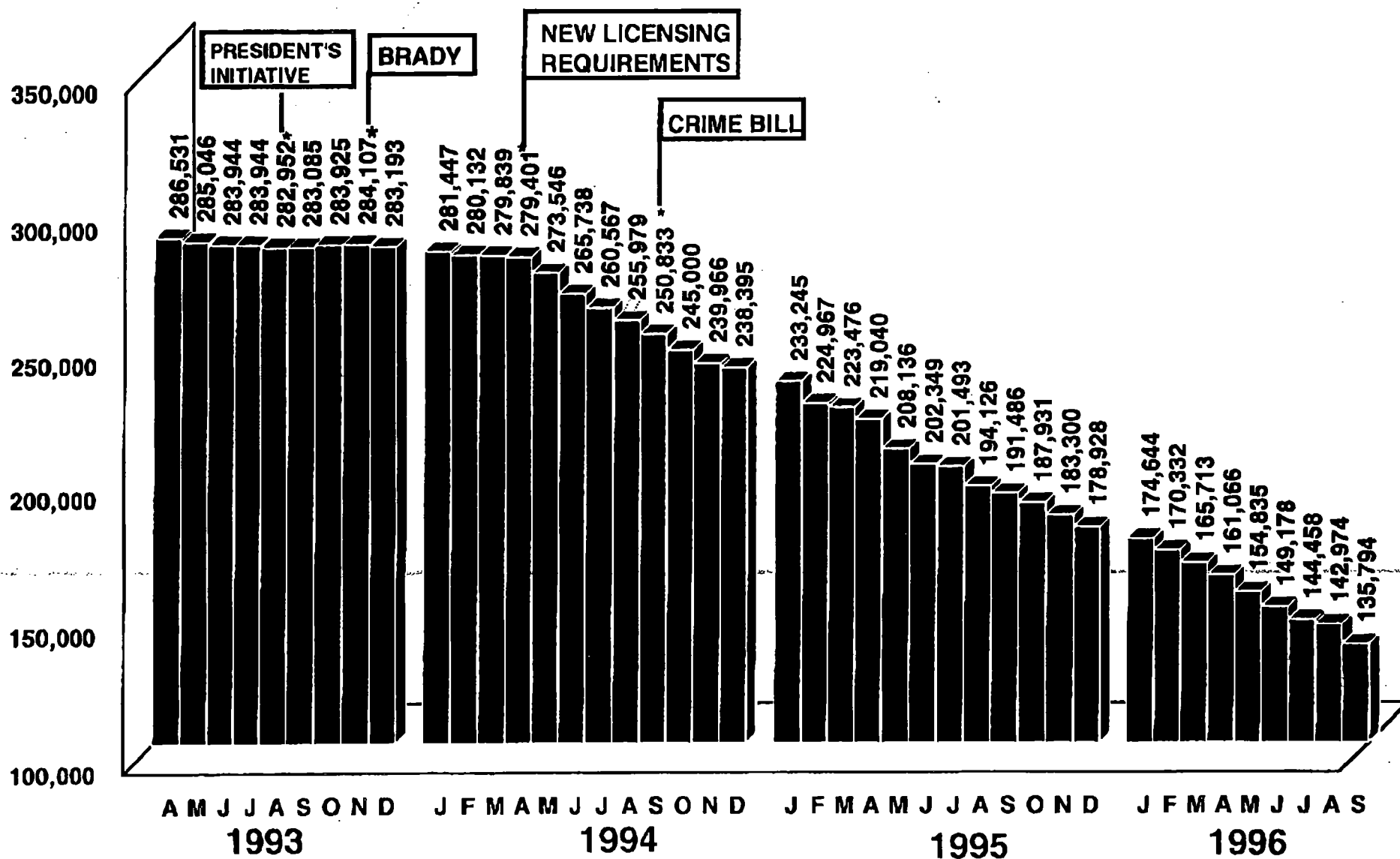
FY 1975 - FY 1996 *



* FY 96 FIGURES ARE AS OF 10/4/96

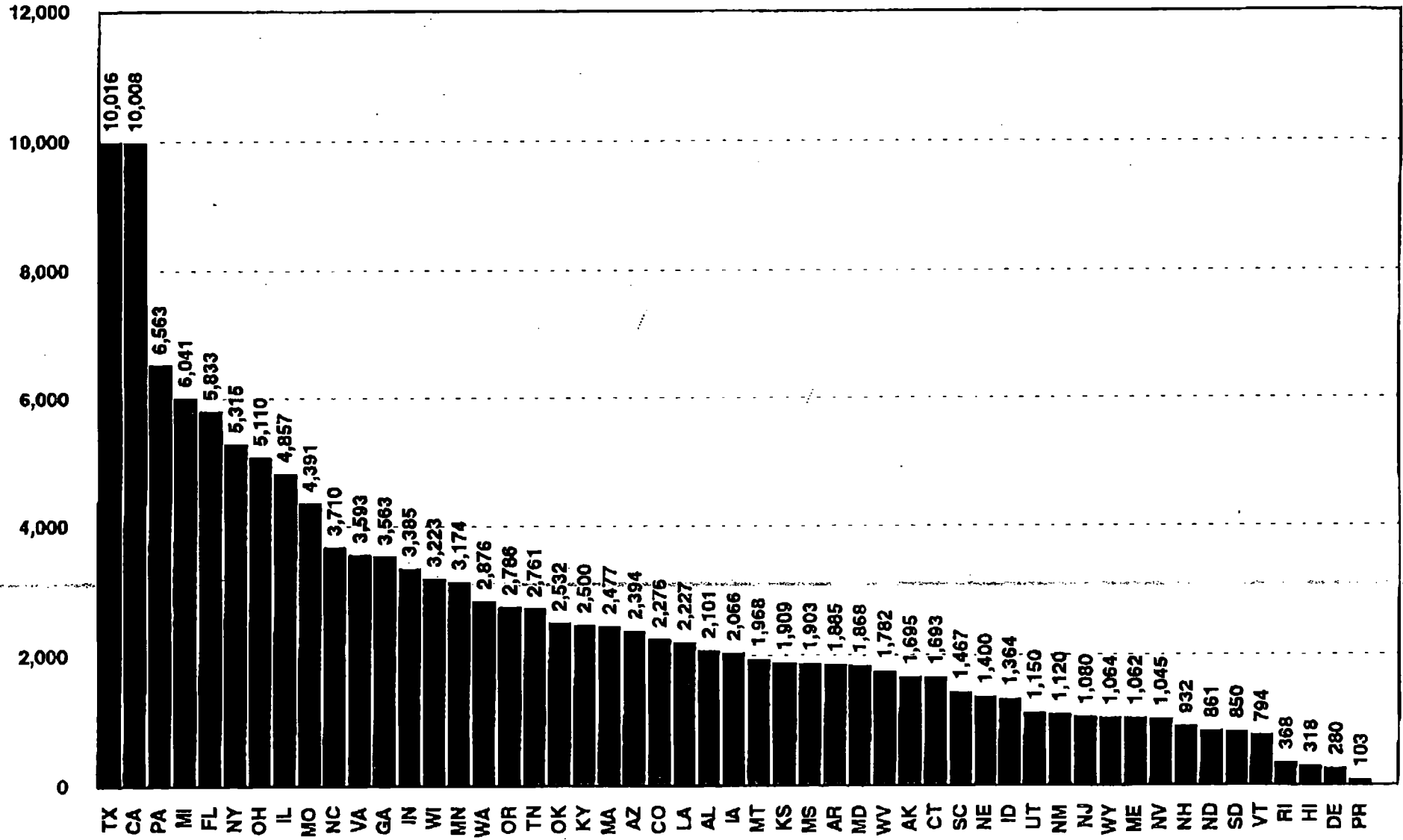
FEDERAL FIREARMS LICENSES

APRIL 1993 - SEPTEMBER 1996



FEDERAL FIREARMS LICENSES

(BY STATE) OCTOBER 4, 1996



FEDERAL FIREARMS LICENSES (BY STATE)

CURRENT

CRIME BILL

PRE BRADY

STATE

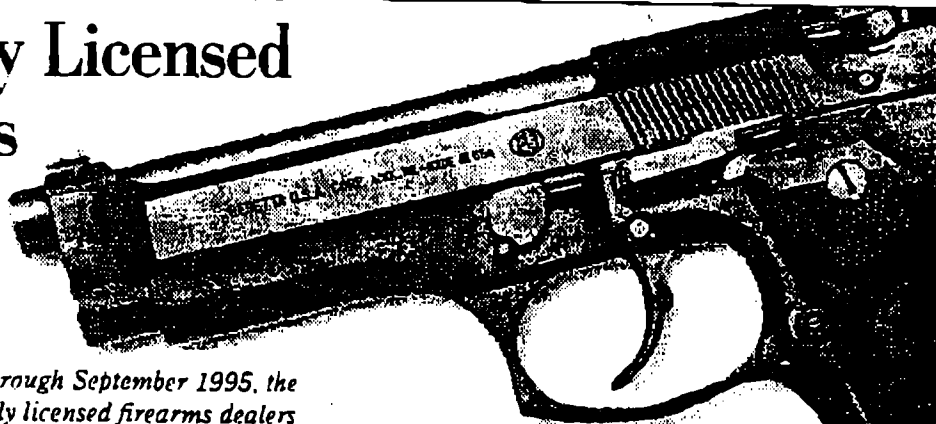
10-4-96

10-4-94

9-2-93

AL	2101	3522	4104
AK	1695	2995	3409
AZ	2394	4258	4714
AR	1885	3371	3886
CA	10008	20998	23865
CO	2276	4059	5004
CT	1693	3465	3960
DE	280	552	585
FL	5833	11047	12406
GA	3563	6336	7164
HI	318	771	911
ID	1364	2362	2591
IL	4857	8758	10273
IN	3385	5858	6345
IA	2066	3684	4173

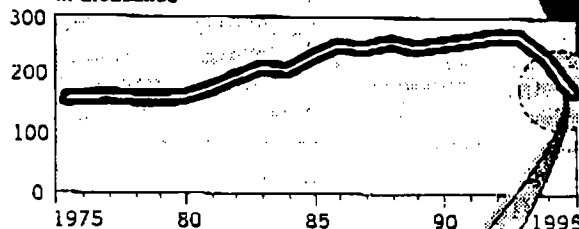
Federally Licensed Firearms Dealers Drop



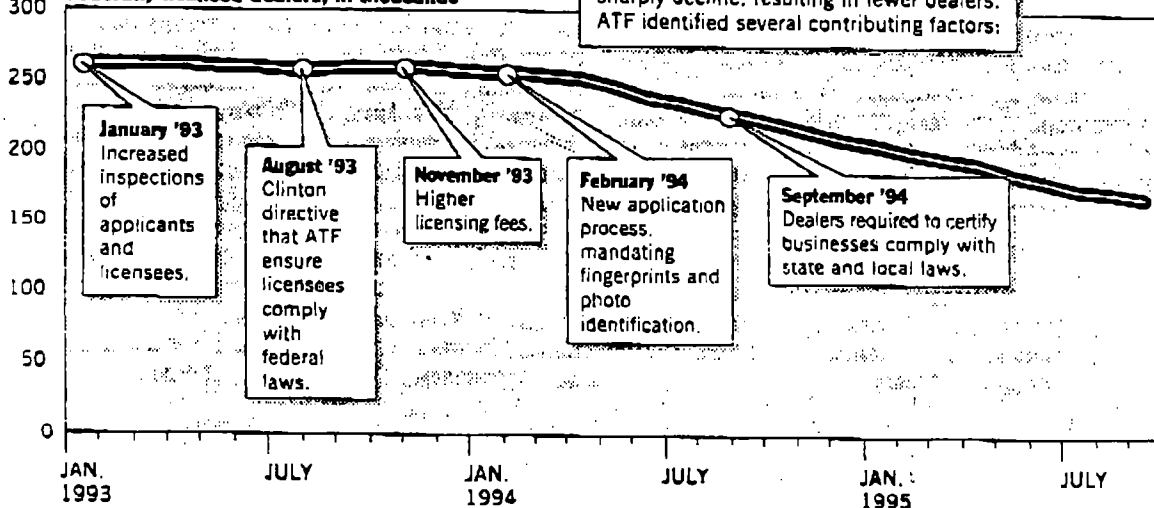
9mm Beretta 92-F

From April 1993 through September 1995, the number of federally licensed firearms dealers dropped 35 percent. By Sept. 30, 1995, there were 168,395 licensees—the lowest since 1980. Rep. Jim Lightfoot (R-Iowa), a gun control opponent and chairman of the committee that oversees the Bureau of Alcohol, Tobacco and Firearms, asked the General Accounting Office to study what role ATF application and inspection procedures played in that nationwide decline. The GAO concluded that it was not ATF policy to reduce the number of dealers; rather, several factors contributed—among them, increased scrutiny of applicants and dealers, more thorough application requirements, higher licensing fees and state and local enforcement efforts.

Federally licensed dealers, in thousands



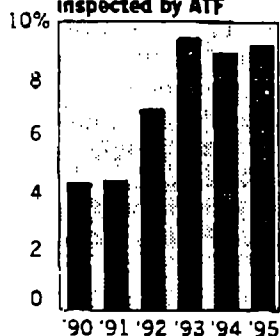
Federally licensed dealers, in thousands



After a steady rise, applications for new and renewed firearms dealer licenses began to sharply decline, resulting in fewer dealers. ATF identified several contributing factors:

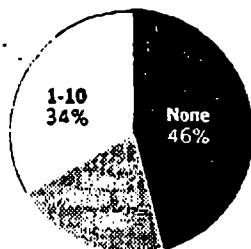
Facing more ATF inspections...

Licensed dealers inspected by ATF



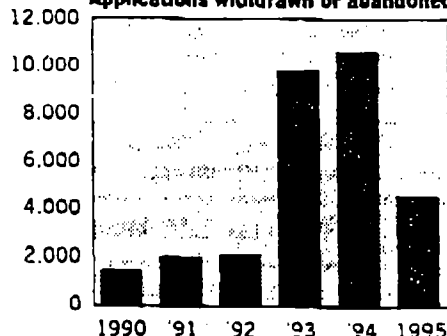
...licensees without legitimate dealerships...

Handguns sold by licensed dealers, 1992-93



...may have given up on their applications.

Applications withdrawn or abandoned



SOURCE: General Accounting Office report "Federal Firearms Licensees"

Strategic Thinking About Gun Markets and Violence

Handguns, like cars, are durable, dangerous commodities, long prevalent in American households, with millions sold new every year. But unlike cars, handguns are the subject of an acrimonious national debate concerning appropriate restrictions on commerce, ownership, and use. The principal animus for this debate is the link between handguns and crime: they are, after all, the principal tool in lethal assaults, but for many people they are also a valued tool for self-defense against violent predators. The potential for both good and ill underlies the apparently conflicting trends in the policy arena: While in recent years a number of states have eased restrictions on carrying concealed guns, the federal government and some states have taken steps to regulate handgun sales more closely and crack down on illicit gun trafficking. Yet both trends arguably fit the overarching objective, broadly supported by the American public,¹ of preserving legitimate uses while suppressing gun crime. Research of the sort reported in this *JAMA* theme issue on guns and violence will enhance our search for this common ground.

One concern that unites the adult public is unsupervised handgun possession by youths. Between 1985 and 1993, the teenage homicide rates (both as victims and as perpetrators) more than doubled, with guns accounting for almost all of the extra deaths.^{2,3} One plausible explanation for this epidemic increase, which has been confined to people in their teens and 20s, traces it to the crack cocaine trade and its violent repercussions.^{2,4} In 1 city after another, the introduction of crack in the mid 1980s lured young men into this dangerous business and provided them with the means and the incentive to acquire guns. With more guns in circulation among urban youths, routine conflicts have become far more deadly.

In this theme issue, the article by Kachur et al⁵ calls attention to a small but particularly troubling part of this trend, lethal violence in schools. These authors observe that nationally, most school-associated violent deaths from 1992 through 1994 resulted from the use of handguns, and that

primary offenders were more likely than victims to have had a history of previous criminal charges. On the basis of these findings, Kachur et al conclude that violent deaths associated with schools are epidemiologically similar to violent deaths among young people in general, and they recommend that school violence be dealt with in its larger community context. In other words, to prevent deadly violence in schools, a logical approach is to separate youth from guns.

Economics suggests 2 approaches to separating youths from guns: reduce the availability through supply-oriented interventions, or reduce the demand through interventions aimed at increasing the costs or reducing the perceived benefits of gun possession. The same conceptual framework is also helpful in considering how to discourage dangerous adults from possessing or carrying guns. Implementing an effective "supply-side" approach—reducing availability—requires understanding the market for guns in which youths and felons conduct most of their gun transactions.⁶ Rather than buy directly from legitimate retail dealers, they typically obtain their guns in off-the-books transactions with acquaintances, family members, or illegal market dealers, as suggested by the article in this issue by Ash et al.⁷ Based on interviews of a convenience sample of incarcerated juvenile offenders in Atlanta, Ga, a city where gun ownership is prevalent in the general population and relatively unregulated, the authors document the juveniles' extensive involvement with guns. The respondents mention a variety of sources for their guns, including friends and family, but also theft and other sources on the street. Other surveys of such populations have obtained qualitatively similar findings.^{8,9}

Young people and criminals constitute the "illicit sector" of the larger gun market, since the transactions by which they acquire guns are almost all prohibited by federal law. It is useful to distinguish between the circulation of guns within this illicit sector, which is for the most part what the youthful respondents are telling us about, and the movement of guns into this sector from the realm of legal ownership. The flow from licit to illicit has several major sources, including theft (a half million guns are stolen each year from vehicles, homes, and commercial places⁶); scofflaw retailers who are willing to

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sell under the counter to prohibited purchasers; straw-man purchasers who buy guns on behalf of those who are prohibited because of their age or criminal record; and gun traffickers who act as arbitrageurs, buying guns in loosely regulated jurisdictions and reselling them elsewhere.

This analysis suggests a variety of possible tactics for reducing availability. To slow the flow of guns into the illicit sector, it seems important to put the scofflaw dealers out of business and reduce gun theft, while cracking down on interstate trafficking. To disrupt the redistribution of guns within the illicit sector, law enforcement authorities should place a priority on gathering intelligence on who is dealing guns on the street. The combination of such efforts would help increase prices of guns sold to legally proscribed buyers and increase the time and hassle required to make a "connection." The upshot would be an increased tendency on the part of youths and criminals to economize on their gun possession and use. As guns become scarcer and more valuable, they will be slower to buy and quicker to sell, thus reducing the percentage of their criminal careers in which they are in possession of 1 or more guns.⁹

This supply-side approach would seem futile if one accepts the common assumption that guns are "everywhere," that almost anyone can quickly and cheaply obtain a gun regardless of age or place of residence. Some statistics suggest otherwise. For example, according to victim reports, most robbers (75% nationwide) do not use a gun, despite the evident tactical advantages of doing so.¹⁰ Interviews with active criminals provide confirmatory evidence: A recent study of teenaged gang members in a northeastern city found that only one third owned a gun¹¹; interviews with arrestees in 11 other cities found a similar rate of gun ownership for all juvenile males in the sample.¹² While this rate is unacceptably low, it suggests that a large majority of crime-involved youth do not own a gun.

The city of Boston, Mass, working with researchers from Harvard University, has launched a promising youth violence intervention that includes an effort to interdict sources of guns to gang members.¹³ The importance of this effort is clear in the homicide statistics: While less than 1% of youth in the city belong to violent street gangs, those gangs are responsible for at least 60% of youth homicide. The Boston Police Department and other local and federal authorities are working to identify those who traffic guns to gang members, in the belief that gang members would be far less deadly to each other and to the public if they were less likely to be armed.

Encouragingly, the supply-side approach has recently been embraced by the federal regulatory agency responsible for such matters, the Bureau of Alcohol, Tobacco, and Firearms (ATF). Federal dealers' licenses are now being issued far more selectively than during the previous administrations, and the number of licensees has dropped more than 100 000 from a peak of 260 000 in 1993 and is still falling (William Earle, deputy associate director of ATF, oral communication, March 6, 1996). With the elimination of many marginal dealers, ATF regulatory and enforcement resources are spread less thinly. Further, ATF has developed a new system for targeting scofflaw dealers and traffickers that makes systematic use of data generated from traces of crime guns. And a new federal program is being developed for testing in a number of cities, a coordinated effort by ATF and local law enforcement agencies to disrupt the markets that illegally

supply guns to youths (Joseph Vince, Jr, chief, ATF Firearms Enforcement Division, oral communication, March 6, 1996).

Some states have also moved to regulate supply. In this issue of *JAMA*, Weil and Knox¹⁴ evaluate the effect of a state law designed to constrict the secondary market for guns by limiting the purchase of new handguns in Virginia. Long known by gunrunners along the Interstate 95 corridor as being a convenient place to acquire weapons for resale in states with more restrictive gun laws, the state of Virginia acted in 1993 to restrict the purchase of firearms to 1 handgun per person a month. According to Weil and Knox, the effect of this law was to reduce by more than 70% the likelihood that a handgun recovered by police in New York or Boston could be traced to Virginia rather than another southeastern state.

The authors' analysis did not determine whether traffickers who had been using Virginia dealers as their source shifted their purchases to another state. But allowing for this possibility, they call for a national 1-handgun-a-month law to disrupt the illegal interstate transfer of firearms.¹⁴

Another report has suggested that there was indeed some displacement as a result of Virginia's law, with Maryland supplanting Virginia as a primary source of guns to Washington, DC.¹⁵ In response, the state of Maryland recently enacted its own version of the 1-handgun-a-month requirement, in addition to strengthening regulation of transactions in the secondary market.¹⁶

While the supply-side approach is in an early phase in terms of applicable knowledge, we have more evidence on the efficacy of law enforcement efforts to reduce demand, and more specifically to discourage carrying and use of guns in crime. Of course, the principal approach to discouraging gun crime is deterrence and incapacitation through law enforcement. Of particular note is the evidence suggesting that add-on sentencing provisions for gun use in crime are effective in reducing criminal gun use and homicide.¹⁷

It also appears feasible for law enforcement, when properly directed, to deter illicit gun carrying. A gun enforcement program was recently evaluated in Kansas City, Mo, with promising results.¹⁸ Police officers were paid overtime to patrol by vehicle a single high-crime beat with the mission of seizing guns carried illegally by motorists. As a result, the number of guns seized increased, and, more importantly, there was a substantial reduction in the number of gun crimes. Another similar beat in which there were no special patrols experienced little change in either measure during the same period. It is noteworthy that the New York City police have adopted an aggressive program for getting guns off the streets, which is 1 aspect of the innovative tactics that former New York City Police Commissioner William J. Bratton has credited for the sharp reduction in homicide rates in recent years.¹⁹

Local gun-oriented policing, while apparently effective, is costly and may jeopardize police-community relations. A more appealing approach involves noncoercive means to persuade youths to stay clear of guns. Parents, teachers, television scriptwriters, and even physicians might play a role in this effort, but to date we lack systematic evidence on what works.²⁰

What we have been outlining here is a multifaceted approach to reducing gun violence, guided by analysis and evidence. Despite the heated opposition to gun-control measures, all of these tactics are being used. But if we compare efforts to reduce gun injuries with other product-oriented safety campaigns, and particularly with the highly successful

campaign to reduce motor vehicle fatalities, there is an important missing piece—product design. With a few important exceptions (most noticeably, the ban on weapons of mass destruction, such as fully automatic rifles), there is little regulation of gun design. As Wintemute²¹ points out, the mix of guns sold each year may be of considerable relevance to the lethality of gun attacks. In that respect, recent trends are disturbing, as new handguns manufactured or imported for the domestic market have increased in power, capacity, and accuracy—in a word, in deadliness.

Wintemute concludes, however, that the existing surveillance systems maintained by health and criminal justice organizations are not yet capable of monitoring changes in the design of firearms and the injuries they inflict by firearm make and model. Certainly, useful population-based firearm injury surveillance systems do exist. The National Electronic Injury Surveillance System stores information on the victim-shooter relationship, the firearm type (handgun, shotgun, rifle), and the activity involved,²² but this system lacks the level of detail about firearm make, model, and source that is required for a better understanding of shooting circumstances and product design. Similarly, the surveillance system for fatal and nonfatal firearm injuries described by Sadowski and Muñoz²³ in this issue, although the first of its kind for a rural county, lacks information on local gun markets.

Behavioral risk factor surveillance²⁴ and hospital discharge data systems²⁵ can provide useful information on such matters as firearm storage practices and hospitalizations for firearm injury, but they too lack information on weapon characteristics, sources, and patterns of use. One successful model for the type of firearm injury reporting system that is needed is the Fatal Accident Reporting System (FARS) maintained by the National Highway Traffic Safety Administration.²⁶ FARS, which collects data and compiles statistics from motor vehicle crash reports, has yielded valuable information about the association of alcohol and traffic injury, the circumstances of single- and multiple-vehicle traffic injury, and product-specific risks for injury. To integrate law enforcement, criminal justice, and public health approaches to the prevention of firearm violence, a surveillance system that combines product-specific data with descriptions of the shooting should be readily available in a form that is useful to professionals concerned with the control of firearm violence.

Such a system should include information on the provenance of any gun used in a shooting and, in particular, whether it had been bought, stolen, or shared. The system should indicate the motivation and circumstances of the gun attack. Ultimately, a good firearm injury surveillance system should be both an investigative tool and an empirical basis for evaluating interventions designed to shrink the illicit supply sector or to discourage violent people from carrying guns; such evaluations could offer support for effective violence prevention policies while identifying those that are ineffective.

Although THE JOURNAL carried this message as recently as this past January,²⁸ it is necessary to reiterate. Why? First

of all, the epidemic of firearm violence among young people, particularly young men, shows no sign of abating. Second, this JAMA theme issue on violence offers the opportunity to explain specifically what kind of information is needed. A reliable firearm injury surveillance system that collects data on shootings will support the pursuit of our common purpose, finding practical ways to reduce firearm violence.

With 40 000 people shot dead every year in the United States²⁷ and more than 150 000 seriously injured,^{28(p1751)} the stakes are very high. The good news is that, contrary to what many well-meaning people seem to believe, a wide array of promising interventions are available, and the politics of this issue, acrimonious though they may be at times, have not proved to be an insurmountable obstacle. We believe that better data and dispassionate research may provide the impetus to effective action.

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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.