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DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

Proposal to Implement the President's Firearms Initiatives

September 7, 1993

PROPOSAL TO IMPLEMENT THE PRESIDENT'S FIREARMS INITIATIVES

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

On August 11, 1993, the President of the United States issued two memorandums directed to the Secretary of the Treasury to undertake certain initiatives (Tabs 3 & 4) aimed at combatting the rising violence associated with the illegal sale and use of firearms.

The President's memorandum on "Gun Dealer Licensing" states that the Secretary of the Treasury will direct the Bureau of Alcohol, Tobacco & Firearms (ATF) to initiate action as soon as possible to implement the following directive:

**To take whatever steps are necessary,
to the extent permitted by law, to
ensure compliance with present
firearms licensing requirements.**

The President's memorandum further directed the Secretary to initiate action necessary to implement the above directive as soon as possible and report progress on the initiative within 90 days and annually thereafter.

The President's memorandum on "Importation of Assault Pistols" directed the Secretary of the Treasury to reassess ATF's present regulatory approach used to determine whether handguns are importable under the "sporting purposes" test of the Gun Control Act. The memorandum directed the Secretary to take the necessary steps to implement the following directive:

**To re-examine and/or modify the
factoring criteria used to determine
the sporting characteristics of certain
imported pistols not meeting the
modified criteria.**

The President's memorandum further states that the Secretary has advised him that ATF will issue a notice of proposed rulemaking in the near future that will propose changes to the factoring criteria for imported handguns and that pending applications to import "assault pistols" will be suspended until final action on this issue is complete.

We propose to implement initiatives (A)-(H), found at Tab 1, in response to the President's memorandum on "Gun Dealer Licensing." We also propose to implement initiatives (A)-(B) at Tab 2 in response to the President's memorandum on "Importation of Assault Pistols." Detailed workplans on each of the directives are also attached.

Due to the overlapping nature of these initiatives, which are outlined in the accompanying workplans, they have been combined into common objectives. These objectives are as follows:

DEVELOP ADMINISTRATIVE SANCTIONS
ENHANCE PURCHASER IDENTIFICATION
ENHANCE COOPERATIVE AGREEMENTS
ENHANCE APPLICANT SCREENING
ENHANCE AUTOMATED SYSTEMS

The implementation of any initiatives that will alter the current operating procedures for Federal firearms licensees will be published in multiple media, such as various trade publications, the FFL Newsletter, etc..

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1

Divider Title: _____

GUN DEALER LICENSING

**TO TAKE WHATEVER STEPS ARE NECESSARY,
TO THE EXTENT PERMITTED BY LAW,
TO ENSURE COMPLIANCE WITH PRESENT
FIREARMS LICENSING REQUIREMENTS.**

INITIATIVES

INITIATIVE A:

IMPROVE THE THOROUGHNESS AND EFFECTIVENESS OF BACKGROUND CHECKS IN SCREENING APPLICANTS FOR A FEDERAL FIREARMS LICENSE (FFL).

STRATEGIES

- * Redesign the ATF Form 7 to require additional information to enable more thorough investigations. See initiative "B" for details.
(ENHANCE APPLICANT SCREENING)
- * Verify additional information proposed to be contained in the revised ATF Form 7. Additionally, conduct these checks on all renewal applications.
(ENHANCE APPLICANT SCREENING)
[Additional Resources Required, See Tab 5]
- * The Firearms and Explosives Licensing Center will conduct computer queries with the appropriate departments of motor vehicles to verify the drivers license numbers of the applicant.
(ENHANCE APPLICANT SCREENING)
- * To the extent resources permit, conduct full field investigations of all original applications for an FFL. Coordinate investigations with State and local agencies, where appropriate.
(ENHANCE INVESTIGATIVE ACTIVITIES)
[Additional Resources Required, See Tab 5]
- * Perform a cost benefit analysis for implementing an automated records check system through a link with the firearms licensee data base.
(ENHANCE AUTOMATED SYSTEMS)
[Additional Resources Required, See Tab 5]
- * Implement the use of an automated address verification system currently available within the Treasury Enforcement Communication System (TECS).
(ENHANCE APPLICANT SCREENING)

INITIATIVE B:

REVISE THE LICENSE APPLICATION PROCESS TO REQUIRE THE SUBMISSION OF ADDITIONAL INFORMATION, AND TO REQUIRE MORE RELIABLE FORMS OF IDENTIFICATION OF THE APPLICANT.

STRATEGIES

- * Redesign ATF Forms 7 & 8, Application for License and Application for Renewal, to require additional information concerning the applicant's eligibility for a license. The revisions will shift the burden to obtain information necessary to process the application from ATF to the applicant. Additional information being considered consists of, but is not limited to:

(ENHANCE APPLICANT SCREENING)

[Additional Resources Required, See Tab 5]

All places of residence within the past 10 years for the applicant.

All drivers license numbers (State ID card number if drivers license is not possessed) held by the applicant.

Fingerprint cards.

A current photograph of the applicant (within past six months).

A copy of the articles of incorporation/State registration by all corporate applicants. If applicant is a partnership, provide a copy of partnership agreement.

A copy of the birth certificate/naturalization papers of the applicant.

Copies of licenses/permits mandated by State/local authorities.

A diagram of business premises depicting specific areas where books, records, and inventory will be maintained and stored.

- * Submission of an ATF Form 7 for all FFL renewals until all licensees have provided ATF with the information required by the revised Form 7.
(ENHANCE APPLICANT SCREENING)

- * Develop ATF Form 7CR, Application for License for Collectors of Curios and Relics.
(ENHANCE APPLICANT SCREENING)
- * Develop and implement a Collector of Curios and Relics license that clearly differentiates the activities of the license holder from that of a dealer in firearms.
(ENHANCE APPLICANT SCREENING)

INITIATIVE C:

MAKE THE "PREMISES" REQUIREMENT OF THE STATUTE MORE MEANINGFUL BY INCREASING FIELD CHECKS AND THE USE OF OTHER PROCEDURES TO VERIFY COMPLIANCE.

STRATEGIES

- * To the extent resources permit, conduct full field investigations of all original applications for an FFL.
(ENHANCE INVESTIGATIVE ACTIVITIES)
[Additional Resources Required, See Tab 5]
- * To the extent resources permit, conduct full field investigations of all renewal applications for an FFL in identified high crime areas.
(ENHANCE INVESTIGATIVE ACTIVITIES)
[Additional Resources Required, See Tab 5]
- * Enlist the cooperation of State and local authorities, including departments of taxation, zoning boards, etc., to assist in the verification of premises.
(ENHANCE COOPERATIVE AGREEMENTS)
- * Redesign ATF Forms 7 & 8, Application for License and Application for Renewal, to require additional information concerning the applicant's control over the licensed premises, such as zoning restrictions, restrictive covenants, and leases.
(ENHANCE APPLICANT SCREENING)
- * Implement the use of an automated address verification system currently available within Treasury Enforcement Communication System (TECS).
(ENHANCE APPLICANT SCREENING)

INITIATIVE D:

INCREASE THE SCRUTINY OF LICENSEES' MULTIPLE HANDGUN SALES REPORTS AND PROVIDE AUTOMATED ACCESS TO REPORT INFORMATION BY FIREARM SERIAL NUMBER.

STRATEGIES

- * Amend 27 CFR 178.126a to require the licensee to maintain a copy of ATF F 3310.4 (Report of Multiple Sale or Other Disposition of Pistols and Revolvers) on the licensed premises for review by any ATF officer.
(ENHANCE AUTOMATED SYSTEMS)
- * Revise ATF F 3310.4, to include the place of birth of the purchaser and the serial number of the firearms purchased.
(ENHANCE INVESTIGATIVE ACTIVITIES)
- * Enhance the current system of maintenance of the Form 3310.4, to allow for the recognition of common names and addresses during the data entry process.
(ENHANCE AUTOMATED SYSTEMS)
- * Consolidate all existing ATF firearms databases into a single system, the Firearms Information Networked Database (FIND) that can be accessed by the ATF Law Enforcement community.
(ENHANCE AUTOMATED SYSTEMS)
[Additional Resources Required, See Tab 5]

INITIATIVE E:

REQUIRE DEALERS TO OBTAIN MORE RELIABLE IDENTIFICATION FROM PURCHASERS.

STRATEGIES

- * Amend the regulations to require non-licensed firearms purchasers to submit multiple forms of identification, of which at least 1 is a picture ID (drivers license).
(ENHANCE PURCHASER IDENTIFICATION)

- * Revise the ATF Form 4473, to amend the straw purchase information in the instruction section and remove the "is known to me" option in the identification section.
(ENHANCE PURCHASER IDENTIFICATION)
[Additional Resources Required, See Tab 5]

INITIATIVE F:

DETERMINE THE FEASIBILITY AND DESIRABILITY OF ADDING THE OPTION OF LICENSE SUSPENSION FOR VIOLATIONS OF THE GCA.

STRATEGIES

- * Conduct a review of current statutes, regulations, and policies to determine the feasibility and desirability of license suspensions.
(DEVELOP ADMINISTRATIVE SANCTIONS)

INITIATIVE G:

EXPAND THE USE OF COOPERATIVE AGREEMENTS WITH STATE AND LOCAL LAW ENFORCEMENT AGENCIES TO ADDRESS LICENSING AND TRAFFICKING PROBLEMS.

STRATEGIES

- * Develop additional partnerships with State and local authorities to reduce licensing and trafficking problems.
(ENHANCE COOPERATIVE AGREEMENTS)
[Additional Resources Required, See Tab 5]
- * Work with the International Association of Chiefs of Police to establish a model statewide enforcement program to curtail illegal firearms trafficking.
(ENHANCE COOPERATIVE AGREEMENTS)
- * As resources permit, provide firearms trafficking training for State/local agencies.
(ENHANCE INVESTIGATIVE ACTIVITIES)
- * Conduct a follow-up study to the 1991 "Protecting America," program. This study will research firearms trafficking patterns, methods of operation and profile individuals involved in firearms trafficking.
(ENHANCE INVESTIGATIVE ACTIVITIES)

- * Coordinate with Bureau of Justice Assistance to expand initiatives by identifying discretionary grant programs that are designed to target, investigate, and prosecute individuals and organizations involved in the unlawful use, sales or acquisition of firearms in violation of Federal and/or State laws; enhance the ability of State and local agencies to assist in more complete and comprehensive background investigations of applicants for new or renewed Federal firearms licenses; target a specific population (parolees) who are in possession of firearms illegally, and train enforcement officers regarding gun laws, and provide information and prevention messages on violence caused by illegal firearms.
(ENHANCE INVESTIGATIVE ACTIVITIES)

INITIATIVE H:

EXPAND ATF'S CAPABILITIES TO UTILIZE AUTOMATION AND OTHER TECHNOLOGY FOR THE OUT-OF-BUSINESS FIREARMS RECORDS FOR PURPOSES OF TRACING.

STRATEGIES

- * Implement Firearms Information Networked Data Base (FIND) to expedite the modernization and automation of the National Tracing Center to provide prompt tracing of firearms involved in criminal activities.
(ENHANCE AUTOMATED SYSTEMS)
[Additional Resources Required, See Tab 5]
- * Provide for automated firearms trace requests and responses between the National Tracing Center and State and local law enforcement agencies.
(ENHANCE AUTOMATED SYSTEMS)
- * Enhance the program to obtain the records of firearms licensees who have gone out of business and have not turned their records in to the Out-of-Business Records Center.
(ENHANCE AUTOMATED SYSTEMS)

**THE FOLLOWING WORKPLAN IS DESIGNED TO
IMPLEMENT STRATEGIES (A)-(H) OF THE
PRESIDENT'S INITIATIVES BY FOCUSING
ON THE COMPLETION OF EACH OBJECTIVE.**

FIREARMS LICENSING

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Applicant Screening <i>(Refer to Initiative(s): (a) (b) (c))</i>	Develop ATF Form 7CR.	10/1/93
	Develop unique Collector's License.	10/1/93
	Implement use of State DMV data bases.	10/15/93
	Implement use of an automated address verification system.	11/1/93
	Redesign ATF Form 8.	12/31/93
	Redesign ATF Form 7.	12/31/93
	Implement use of Collector's License.	1/3/94
	Require the submission of an ATF Form 7 for all FFL renewals until all licensees have provided ATF with the information required by the revised Form 7.	2/1/94
Increase number of criminal history checks.		3/1/94

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Investigative Activities <i>(Refer to Initiative(s): (a) (c) (d) (g) (h))</i>	Enhance liaison with State/local authorities.	10/1/93
	Revise ATF Form 3310.4.	4/1/94
	Expand BJA initiatives identifying discretionary grant programs that target, investigate, and prosecute individuals and organizations involved in the unlawful use, sales or acquisition of firearms in violation of Federal and/or State law.	7/1/94
	Conduct a followup study to the 1991 "Protecting America," program. This study will research firearms trafficking patterns, methods of operation, and profile individuals involved in firearms trafficking.	7/1/94
	Conduct full field investigations for all original applications for FFL. Coordinate with State/local agencies, where appropriate.	10/1/94
	Provide firearms trafficking training to State/local law enforcement agencies.	10/1/94
	Conduct full field investigations for renewal applications in identified high crime areas.	10/1/94

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Cooperative Agreements <i>(Refer to Initiative(s): (c) (g) (h))</i>	Enhance liaison with State/local authorities.	10/1/93
	Work with the International Association of Chiefs of Police to establish model statewide enforcement program to curtail illegal firearms trafficking using among other investigative expertise, the improvement of the tracing capability to focus on the evidence of criminal possession, illicit sources, etc.	1/1/94
	Develop additional partnerships with State and local authorities to reduce licensing and trafficking problems.	3/1/94
	Coordinate with Bureau of Justice Assistance (BJA) to secure additional State/local grants.	7/1/94

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Automated Systems <i>(Refer to Initiative(s): (a) (d) (g) (h))</i>	Enhance the program to obtain the records of firearms licensees who have gone out of business and have not turned their records into the Out-of-Business Record Center.	12/3/93
	Perform a cost-benefit analysis for implementing an automated system for conducting automated records checks through a link with the firearms licensee data base.	1/1/94
	Publish NPRM proposing that licensees maintain copies of ATF Form 3310.4 on licensed premises for inspection by ATF.	3/1/94
	Publish final regulations requiring licensees to maintain copies of ATF Form 3310.4 on licensed premises for inspection by ATF.	7/1/94
	Consolidate all firearms data base into the Firearms Information Networked Data Base (FIND) which allows access by ATF law enforcement community.	3/1/95
	Expedite the modernization and automation of the National Tracing Center to provide prompt tracing of firearms involved in criminal activities.	3/1/95
	Provide for automated firearms trace requests and responses between the National Tracing Center and State and local law enforcement agencies.	3/1/95

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Automated Systems (cont'd.)	Enhance the system of maintenance of multiple sales forms to allow recognition of similar names/addresses during data entry.	3/1/95
	Implement Firearms Information Networked Data Base (FIND) to expedite the modernization of automation of the National Tracing Center to provide prompt tracing of firearms involved in criminal activities.	3/1/95

OBJECTIVE	WORK STEPS	TARGET DATE
Develop Administrative Sanctions <i>(Refer to Initiative(s): (f))</i>	Review current statutes and policies to determine the feasibility and desirability of a system of FFL suspensions.	3/31/94

OBJECTIVE	WORK STEPS	TARGET DATE
Enhance Purchaser Identification <i>(Refer to Initiative(s): (e))</i>	Publish NPRM to require nonlicensed firearms purchasers to present multiple forms of I.D., including a driver's license or other picture I.D.	3/1/94
	Revise ATF Form 4473 to amend the straw purchase information in the instruction section and remove the "is known to me" option in the identification section.	7/1/94
	Publish final regulations to require non-licensed firearms purchasers to present multiple forms of I.D.	7/1/94

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2

Divider Title: _____

IMPORTATION OF ASSAULT PISTOLS

**TO REEXAMINE AND/OR MODIFY THE FACTORING
CRITERIA USED TO DETERMINE THE SPORTING
CHARACTERISTICS OF CERTAIN IMPORTED PISTOLS, AND
TO DENY THE IMPORTATION OF PISTOLS NOT MEETING
THE MODIFIED CRITERIA.**

INITIATIVES

INITIATIVE A:

REVIEW AND REVISE THE FACTORING CRITERIA FOR IMPORTED HANDGUNS TO ENSURE ONLY SPORTING HANDGUNS ARE GRANTED IMPORTATION STATUS.

STRATEGY

- * Prepare revised Factoring Criteria for internal review and identify those pistols affected by the revision.

INITIATIVE B:

FORMALIZE THE REVISED FACTORING CRITERIA THROUGH THE PUBLICATION OF A FINAL RULE IN THE FEDERAL REGISTER.

STRATEGIES

- * Publish a Notice of Proposed Rulemaking (NPRM) document providing a 90-day comment period for input from the public and other interested parties.
- * Publish a Final Rule formally adopting the Factoring Criteria.
- * Revise ATF Form 4590 to reflect revisions.

NONSPORTING HANDGUNS

OBJECTIVE	WORK STEPS	TARGET DATE
Review, modify and publicize Factoring Criteria for Handguns	Identify personnel in Chief Counsel, Compliance Operations, and Law Enforcement to work on factoring criteria and regulations.	8/11/93
	Review approved ATF Forms 6 for the past 3-5 years to determine whether nonsporting handguns have been imported.	9/30/93
	Research legislative history of GCA's nonsporting handgun terminology.	10/15/93
	Provide recommendations to the Director.	10/31/93
	Finalize NPRM and transmit to <u>Federal Register</u> .	1/15/94
	Publish final rule in <u>Federal Register</u> .	6/15/94
	Update text and reprint F 4590.	6/30/94

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3

Divider Title: _____

THE WHITE HOUSE

WASHINGTON

August 11, 1993

MEMORANDUM FOR THE SECRETARY 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 record-keeping 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 the 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 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. Bennett

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Divider Title: _____

THE WHITE HOUSE
WASHINGTON

August 11, 1993

MEMORANDUM FOR THE SECRETARY OF THE TREASURY

SUBJECT: Importation of Assault Pistols

A category of pistols commonly referred to as assault pistols has increasingly become the weapon of choice for drug dealers, street gang members, and other violent criminals. These pistols, generally characterized by their bulky military-style appearance and large magazine capacity, include domestically manufactured TEC-9's and MAC-10's as well as imported models like the Uzi pistol and the H&K SP-89. Their popularity appears to stem from their intimidating appearance and their considerable firepower.

These weapons have been used to harm and terrorize many Americans, particularly our children, in recent years. As a result, it is no longer possible to stand by and witness the deadly proliferation of these weapons without acting to protect our communities.

Although addressing the domestic production of these weapons requires a change in the statute, which I support, existing law already bans the importation of firearms unless they are determined to be particularly suitable for or readily adaptable for sporting purposes. I am informed that shortly after enactment of the Gun Control Act of 1968, the Treasury Department adopted a factoring system to determine whether handguns were importable pursuant to this standard. The system entails the examination of the firearm against a set of criteria, with points being awarded for various features. A minimum score is required before importation is approved. The criteria and weighted point system were designed to address the crime gun of the day, the cheap, easily concealable "Saturday Night Special." Under this 25-year old system, small caliber, easily concealable handguns score few points and are banned from importation. However, assault-type pistols -- the new crime gun of the day -- because of their large size, weight, and caliber, easily score the necessary points to qualify for importation even though none of these pistols appears to have any legitimate sporting purpose. Accordingly, it is time to reassess how the present regulatory approach can be made more effective in achieving the legislative directive to preclude importation of firearms that are not particularly suitable for or readily adaptable for sporting purposes.

I hereby direct you to take the necessary steps to reexamine the current importation factoring system to determine whether the system should be modified to ensure that all nonsporting handguns are properly denied importation. You have advised me that the Bureau of Alcohol, Tobacco and Firearms (ATF) will issue a notice of proposed rulemaking in the near future that will propose changes to the factoring system to address the assault pistol problem. You have further advised me that effective immediately action on pending applications to import these weapons will be suspended, and that final action on any application will be delayed until this review process is completed.

Nothing herein shall be construed to require actions contrary to applicable provisions of law. You are hereby authorized and directed to publish this memorandum in the Federal Register.

William J. Bennett

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Divider Title: _____

BUDGETARY PROPOSAL FOR GUN DEALER

LICENSING INITIATIVES



DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
WASHINGTON, D.C. 20226

AUG 16 1993

MEMORANDUM TO: Director, Office of Budget

FROM: Budget Officer

SUBJECT: Bureau Impact on Gun Dealer Licensing

Attached is the Bureau's response to the impact of the President's memorandum of August 11, 1993, which tightens enforcement of firearms dealers licenses. The budgetary implications range from 33 to 358 FTEs and \$9,505,000 to \$38,084,000. Program emphasis is as follows:

- o Improves background checks and the application process in screening of dealer license applicants.
- o Increases field checks and other procedures to verify compliance.
- o Increases scrutiny of licensees' multiple sales report information by serial number for trace purposes.
- o Reviews sanctioning policies.
- o Requires dealers to obtain more accurate information from firearms purchasers.
- o Expands the use of cooperative agreements with State and local law enforcement agencies to address licensing and trafficking problems.
- o Expands capabilities to effectively utilize transaction records of out-of-business licensees for tracing purposes through the use of automation and technology.

It should be noted that this proposal will have a major impact on illegal firearms trafficking; however, depending on the perspective of various segments of the public, it would be viewed as conflicting with Congressional appropriation language and may generate public criticism.

Marguerite R. Moccia
Marguerite R. Moccia

Attachments

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
PRESIDENTIAL GUN DEALER LICENSING MEMORANDUM

- (A) Improve the thoroughness and effectiveness of background checks in screening dealer license applicants.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
4	\$250	4	\$250	4	\$250

IMPACT - MINIMUM/PROPOSED/MAXIMUM:

The requirement of 4 FTE positions and \$250,000 will allow the Bureau to conduct increased criminal history queries (NLETS/TECS/NCIC), Department of Motor Vehicle queries and Postal CODE 1 queries using information provided by applicants and responsible persons. ATF will modify procedures to require applicants and each responsible person to submit all places of residence within the last 10 years.

This funding will also purchase additional software and hardware to achieve this objective.

- (B) Revise 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.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
4	\$4,840	4	\$4,840	4	\$4,840

IMPACT - MINIMUM/PROPOSED/MAXIMUM:

The requirement of 4 FTE positions and \$4,840,000 will allow the Bureau to obtain more comprehensive applicant information. This will be achieved through revision of Form 7 (Application Form) and Form 8 (Renewal Application). The Bureau will also require submission of fingerprint cards and a current photograph (within the past 6 months) of the applicant and responsible person. (Responsible person is someone having say in business i.e., corporate officer, sole proprietor, partner. Assumes 3 people per application.)

- (C) Make the "premises" requirement of the statute more meaningful by increasing field checks and the use of other procedures to verify compliance.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
25	\$1,750	100	\$7,000	225	\$15,750

IMPACT - MINIMUM:

A minimum requirement of 25 additional inspector and examiner FTE positions and \$1,750,000 is necessary for the Bureau to revise regulations to more clearly define premises eligible for licensing and conduct full field investigations of all original and renewal applications for a Federal Firearms License (FFL) within designated high crime areas.

IMPACT - PROPOSED:

A proposed requirement of 100 additional inspectors and examiner FTE positions and \$7,000,000 is necessary for the Bureau to revise regulations and conduct full field investigations of all renewals in designated high crime areas and of all original applications regardless of location.

IMPACT - MAXIMUM:

A maximum requirement of 225 additional inspectors FTE positions and \$15,750,000 is necessary to revise regulations and conduct full field investigations of all original and renewal applications for an FFL regardless of geographic location.

- (D) Increase the scrutiny of licensees' multiple handgun sales reports and provide automated access to multiple sales report information by serial number for firearms trace purposes.

- (G) Expand the use of cooperative agreements with State and local law enforcement agencies to address licensing and trafficking problems.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
0	\$2,100	50	\$8251	125	\$15,692

IMPACT - MINIMUM: The minimum requirement of \$2,100,000 will enable ATF to consolidate existing firearms databases into a single Firearms Information Networked Database (FIND). This would enable access to the four major independent/stand-alone data bases in use by ATF.

The Office of Law Enforcement currently has several automated systems on various types of computers (e.g., mainframe, stand-alone PM, and multiuser) for the collection and analysis of firearms-related information. ATF supports State law enforcement personnel with work location, supplies, required equipment, and intelligence data required to facilitate investigations. Investigative activities have been enhanced by the firearms expertise of ATF special agents and the regional experience provided by local law enforcement.

[The Bureau believes that the proposal will have a major impact on illegal firearms trafficking; however, depending on the perspective of various segments of the public, it would be viewed as conflicting with appropriation language and may generate some criticism.] ATF has reviewed all requirements to comply with the Privacy Act while maintaining information on the multiple sale of handguns. The multiple sales form contains limited information on the purchaser, along with licensee information, and the number of handguns purchased. The licensee is required to report only purchases of more than two handguns by any one individual within a 5-day timeframe.

The systems cited are currently stand alone and do not have an interface that allows easy access. In many instances, these systems require duplicating data entry and queries because no direct link exists between them. This places a heavy burden on limited resources and impacts the Bureau's ability to provide current information to requesters.

IMPACT - PROPOSED: The proposed requirement of 50 FTE positions and \$8,251,000 will support the majority of law enforcement activities outlined in the President's policy

letter. It will provide the implementation of uniform firearms tracing by placing 24 special agents in ATF field divisions and two special agent positions in Headquarters. By instituting this program each field division will be able to identify the source states of firearms and determine the flow of firearms. In a few field divisions now utilizing a variety of such programs, trends and patterns of purchasing and distribution have become apparent.

Twenty-four special agents requested would be responsible for providing for additional law enforcement needs resulting from increased intelligence information and elevated compliance activities.

The Bureau will also amend the regulation in 27 CFR 178.126a to require the licensee to maintain a copy of ATF F 3310.4, (Report of Multiple Sale or Other Disposition of Pistols and Revolvers) on the licensed premises for review by an ATF officer.

IMPACT - MAXIMUM: The maximum requirement of 125 FTE positions and \$15,692,000 to establish firearms trafficking intercept teams in each of the field divisions. These teams would consist of four special agents and one technical support position that would provide uniform firearms tracing activities and expand investigative efforts. By instituting this program each field division will be able to identify the source states of firearms and determine the flow of firearms. In a few field divisions now utilizing a variety of such program, trends and patterns of purchasing and distribution have become apparent. Advantages will also be realized in the timely identification of conspiracies, terrorist/radical groups, and drug cartels attempting to acquire and stockpile weapons.

The Bureau will also amend the regulation in 27 CFR 178.126a to require the licensee to maintain a copy of ATF F 3310.4, (Report of Multiple Sale or Other Disposition of Pistols and Revolvers) on the licensed premises for review by an ATF officer.

- (E) Require dealers to obtain more reliable information from purchasers.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
-	\$200	-	\$200	-	\$200

IMPACT - MINIMUM/PROPOSED/MAXIMUM:

This requirement of \$200,000 allows the Bureau to revise and obsolete existing ATF Form 4473, Firearms Transaction Record. With issuance of revised forms, the Bureau will require non-licensed firearms purchasers to submit multiple forms of identification, with at least one being a photo identification.

- (F) Review sanctioning policies to determine the feasibility and desirability of adding the option of license suspension for certain violations.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
-	-	-	-	-	-

IMPACT - MINIMUM/PROPOSED/MAXIMUM:

The Bureau will conduct an in-depth review of current statutes, regulations and policies to determine the desirability of the development of a system of suspensions. ATF will absorb these functions into normal operations.

- (H) Expand 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.

<u>Minimum</u>		<u>Proposed</u>		<u>Maximum</u>	
<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>	<u>FTE</u>	<u>(\$000)</u>
0	\$365	0	\$365	0	\$1,352

IMPACT - MINIMUM/PROPOSED: The Bureau requires \$365,000 to expedite the tracing of firearms that have been involved in criminal activities. This will be accomplished through the purchase of an automated microfilm system and to contract services with the mentally and physically handicapped to prepare documents for microfilming. The Bureau, according to statute, is the official repository for firearms records of Federal firearms licensees (FFLs) that have discontinued the firearms business. These firearms records, which must be searched in over 40 percent of all trace requests, need to be acted upon in a timely manner. Linking these 60 million out-of-business records by computer to the active tracing process will increase the overall efficiency of the

National Tracing Center (NTC) and allow traces to be retrieved more timely.

IMPACT - MAXIMUM: The NTC has a backlog of over 7,000 boxes of firearms records that have yet to be microfilmed. Computerization and indexing capability has allowed the NTC to query the system for firearm serial numbers being traced prior to contacting active firearms licensees. It has also allowed for rapid retrieval of information on used firearms. In order to fully automate the NTC, \$365,000 is required to microfilm records and an additional \$987,000 will allow for the computerizing and indexing of over 40 million documents. Also included is the computerized linkage to States that maintain a Firearms registration, such as California, Michigan and Maryland.

**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
PRESIDENTIAL GUN DEALER LICENSING MEMORANDUM
SUMMARY OF BUDGETARY IMPACT**

	Minimum		Proposed		Maximum	
	FTE	(\$000)	FTE	(\$000)	FTE	(\$000)
Improving Background Checks (Additional queries \$200,000—GS 5/6 examiners; Software/Hardware, \$50,000)	4	250	4	250	4	250
Application Process Revision (Fingerprint checks @\$17 x 90,000 x 3*; Forms replacement, \$50,000; Additional personnel \$200,000)	4	4,840	4	4,840	4	4,840
Increasing Field Checks (Additional Inspectors)	25	1,750	100	7,000	225	15,750
Multiple handgun sales reports/traces; Expand cooperative agreements/ trafficking problems (Combine databases; establish trafficking teams)	0	2,100	50	8,251	125	15,692
Improve information provided to dealer from purchaser (Replacement of ATF Forms 4473**)	0	200	0	200	0	200
Review sanctioning policies (Absorbed through normal operations)	0	0	0	0	0	0
Expand use of out-of-business licensees for tracing purposes (Link records to tracing process)	0	365	0	365	0	1,352
TOTAL BUDGET IMPACT FY 1995	33	\$9,505	158	\$20,906	358	\$38,084

NOTE: Costs for 12 months with 1:1 FTE/Position ratio

* average of 3 responsible persons per application

Responsible person = corporate officers, partnership, sole proprietorship, etc.

** Form 4473 is Firearms Transaction Record

INTERNAL USE ONLY!

INTERNAL USE ONLY!

FY 1995 IMPACT STATEMENT

LAW ENFORCEMENT/COMPLIANCE OPERATIONS BACKUP SUMMARY SHEET

FIREARMS INFORMATION NETWORKED DATA BASE

	MINIMUM	PROPOSED	MAXIMUM
	2,100,000	8,251,000	15,691,158
2513	395,000	394,200	395,000
2622	654,000	650,000	654,000
3152	845,000	834,000	845,000
3154	190,000	190,000	190,000
UNDEFINED	16,000	32,000	32,000
		123,016	123,016
		x	x
		50	104
AGENT FTE		6,150,800	12,793,664
			37,214
			x
			21
SUPPORT FTE			781,494

NATIONAL TRACING CENTER

	MINIMUM	PROPOSED	MAXIMUM
	365,000	365,000	1,352,000
2513	0	0	700,000
2533	245,000	245,000	245,000
2622	45,000	45,000	45,000
3122	75,000	75,000	75,000
3152	0	0	287,000

COMPLIANCE OPERATIONS

PLEASE NOTE:

The average cost used for FTE position costs for Compliance Examiners (@\$50,000) and Inspectors (@\$70,000), are higher than the average cost models. This is attributed to greater start-up costs including: additional space requirements, additional supervisory personnel, and increased travel costs to insure 100% field coverage.