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Federal Firearms Licensing [3]

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JOINT STATEMENT

We recognize that there is a serious problem of crime, especially violent crime, in this nation. This problem is driven in part by the size, scope and availability of the illegal firearms market, which supplies criminals and juveniles with deadly weapons.

We strongly support the right of law-abiding American adults to bear arms, and our intention is not to undermine either their constitutional rights, or the legitimate commerce in firearms.

However, within the firearms industry are elements who divert the flow of firearms from the legitimate trade into the more lucrative firearms black market.

In addition to the tragedies and sorrows suffered by the victims of violent crime, we recognize the perils faced by state, local and federal law enforcement as they target gun traffickers and violent criminals.

We, further recognize that gun licensees, who through willful, negligent or irresponsible actions contribute to the illicit gun market, undermine those businesses which carefully adhere to the letter of the law.

At present, the Bureau of Alcohol, Tobacco and Firearms (ATF) has regulatory authority over the firearms industry, but its ability to ensure compliance with firearms laws is hampered by insufficient resources and inadequate statutory authority. The regulatory system with its present constraints is harmful to legitimate firearms businesses, to law enforcement and to the public.

We strongly support new legislation to reform the Federal Firearms Licensing (FFL) system, including the following initiatives:

- * ensuring that the firearms regulatory system pay for itself, increasing the license fee commensurate with the cost of the program;
- * requiring that FFLs be in compliance with state and local laws and ordinances;
- * requiring reports of losses or thefts from FFL firearms inventories;
- * removing the prohibition on more than one compliance visit per FFL per year;
- * increasing the penalty for willful falsification of records; and
- * extending ATF's period for a decision on firearms license applications from 45 to 90 days.

We further support any initiatives in the crime bill that would improve ATF's ability to enforce firearms violations, particularly addressing the illicit firearms market.



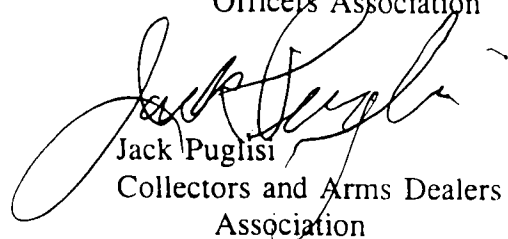
Neil Behan
Major City Chiefs



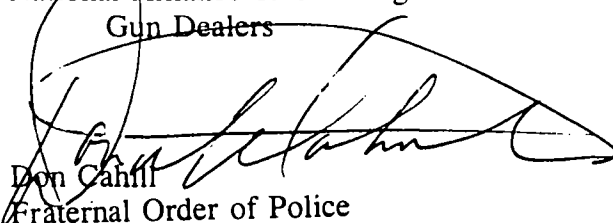
John Pitta
Federal Law Enforcement
Officers Association



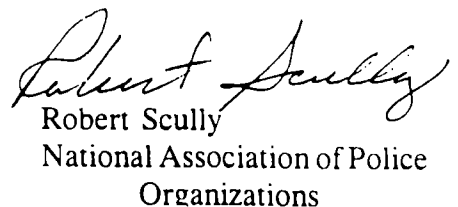
Bill Bridgewater
National Alliance of Stocking
Gun Dealers



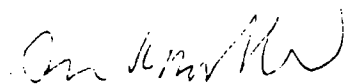
Jack Puglisi
Collectors and Arms Dealers
Association



Don Cahill
Fraternal Order of Police



Robert Scully
National Association of Police
Organizations



Daniel Rosenblatt
International Association of
Chiefs of Police

THE PRESIDENT HAS SEEN 12/1

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Taming the Gun Monster: The Federal Role

A bandwagon can roll forward, backward or off the road. Which way for the anti-gun movement in Congress? Congress now has more than 40 gun-control bills before it. Some of them are not worth much more than the paper they're printed on. But a few of them represent a clear advance: They are earnest, thoughtful attempts to stop the killing and restrict the poisonous circulation of guns.

In Part 2 of this series, we weighed the strengths and weaknesses of many generic approaches to gun control such as waiting periods, bans on types of guns and stiffer penalties for gun crime. Here we'll look at some specific proposals now before Congress—which ones will help reduce gun violence and which will do little more than try the patience of fearful Americans.

But let us be clear: With one exception, the many bills now pending before Congress will not meaningfully end the killing because none will reduce an arsenal of more than 200 million firearms or do much to slow the unrelenting production and sale of new guns.

That's why The Times supports a near-total ban on the manufacture, sale and possession of handguns and assault weapons, leaving those guns solely in the hands of law-enforcement officials. Individuals would be permitted to own sporting weapons only if they had submitted to a background check and passed a safety course. Other special, closely monitored exceptions could be made, such as for gun collectors. But short of that monumental achievement—a near-total ban on handguns and automatic weapons—would any of the congressional bills actually help?

WHAT ABOUT TIGHTER GUN LICENSING?

More than a quarter-million Americans hold federal firearms licenses—or FFLs—allowing them to ship and receive large quantities of guns and ammunition. But both the rules under which these licenses are granted and the system to monitor those who hold them are shamefully inadequate. Too many dealers—including some with criminal records—peddle guns out of their homes and private offices often in direct violation of federal, state and local firearms law. The feds estimate

that these so-called "kitchen table" dealers make up fully four-fifths of those holding FFLs.

This situation is clearly both an absurdity and an abomination. Sens. Daniel Patrick Moynihan (D-N.Y.) and Paul Simon (D-Ill.) have introduced legislation to target renegade dealers and toughen licensing procedures. Their proposals are so obviously sensible, it is hard to see why anyone could be against them. They would mandate that prospective dealers comply with all state and local firearms laws *before* they receive their federal firearms licenses. The proposals would also raise license fees, increase dealer reporting requirements, require more inspections by the federal Bureau of Alcohol, Tobacco and Firearms and extend the time period allowed the ATF to issue a license. What's also needed is for President Clinton to authorize many more ATF inspectors. Nationally, the ATF has only 1,947 agents and even fewer compliance inspectors.



WHAT ABOUT BANNING ASSAULT WEAPONS?

California was the first state to ban the production, sale and possession of specified models of military-style rifles, pistols and shotguns that had no legitimate sporting purpose. But California was also the first state to discover that gun manufacturers could easily evade the model-by-model ban by ever-so-slightly modifying old firearms or introducing new ones.

California's Sen. Dianne Feinstein has learned from that. Her federal bill, approved by the Senate last week as an amendment to the pending crime bill, would forbid the manufacture and transfer of 19 specific models of assault weapons, plus *any* models that have high-volume detachable ammunition magazines with 10 or more bullets and other generic features.

The Feinstein approach hardly crowds legitimate hunters: About 650 sporting guns are protected. At this point that's sensible, but her bill would do nothing to reduce the existing stock

of 1 million assault weapons in private hands. Even so, The Times supports the Feinstein effort as a step forward.

WHY NOT TAX AMMUNITION?

Gun violence now costs the nation about \$16 billion a year and if Sen. Moynihan has his way, the firearms industry and its customers will appropriately bear a heavier burden for the grievous harm their weapons cause.

Moynihan's proposal, now tacked on to the President's health-care reform bill, calls for a 40% federal tax increase on several types of bullets and a license fee of \$10,000 on manufacturers and importers of handgun ammunition. These new fees would raise

AMERICA'S GUN EPIDEMIC *What Is the Best Medicine?*

■ Fifth in a series

an estimated \$200 million annually.

Granted, this is just walking-around money compared with the annual bill from gun violence. And as long as there are so many guns in circulation, a black market in ammo would meet the demand. Still, Moynihan's proposal pushes America in the right direction.

AND WHY NOT WORK TO KEEP GUNS AWAY FROM KIDS?

The Congress, as part of the crime bill, has approved a provision by Sen. Herbert Kohl (D-Wis.) banning handgun possession by anyone under age 18. The one beauty of this measure is that it gives police the additional legal tool they need to disarm kids. But without funds for vigorous enforcement or a meaningful decline in the gun supply, we fear that angry young people bent on violence will be undeterred by this measure. Still, it too is worth trying.

BUT CAN THE NOW-FAMOUS WAITING PERIOD HELP?

Criminals and individuals who are emotionally unstable simply should not be able to leave a gun store armed. That self-evident premise alone makes the Brady bill—imposing a five-day waiting period to permit background checks on handgun buyers—eminently sensible. Last week, after six long years, the House finally passed the Brady bill, but it now looks to be stuck in the Senate.

The Brady bill is worthy, even though its impact would be limited solely to new handgun sales.

BETTER YET, THEN, WHY NOT JUST BAN HANDGUNS, PERIOD?

Perhaps the boldest and most far-reaching gun measure now on Capitol Hill is that by Sen. John H. Chafee (R-R.I.) to ban the manufacture, sale and possession of all handguns. The Chafee bill would establish a six-month period during which citizens could turn in their handguns to federal, state or local law enforcement agencies for monetary reimbursement. After that time, violators could face criminal penalties of up to \$5,000 and/or five years in jail. The bill would exempt law enforcement and the military and certain kinds of collectors, hunting guns, gun clubs, security guards and gun dealers.

Chafee's proposal may sound radical. It's not. It's sensible. The bill, stuck in committee, focuses on handguns, often the street gun of choice. Chafee says it's time to "turn off the spigot" flooding our neighborhoods and schools with these weapons. He's absolutely right.

But if the Chafee measure would do much to stem gun violence and the Brady bill and others we have mentioned would do less, there are some proposals floating around Congress that are not wholly on target. For instance, limiting individuals to the purchase or transfer of one handgun per month is obviously only a small piece of the puzzle. And imposing on firearms manufacturers liability for injuries caused by the handguns or assault weapons they make is stretching product liability laws too far.

Two things must happen if gun control is to work. First, a strong public consensus must emerge for bold and sweeping action. That is beginning to happen. Second, Congress will have to shed its interest-group shackles, roll up its sleeves and get serious. Our future is on the line. Either we act decisively or we can expect to watch the slaughter in our homes, streets, malls, schools and churches proceed apace.

NEXT: The best and the worst of state and local gun proposals.

TALKING POINTS: GUN DEALERS LICENSING FEE AMENDMENT

THE PROBLEM

Since 1980, the number of firearm dealers in this country has increased by 113,000 to a total of 287,000. That means there is 1 firearm dealer for every 1,000 Americans, or **1 dealer for approximately every 290 firearm owners** (Bureau of Alcohol, Tobacco, and Firearms, or ATF). The Violence Policy Center puts this into perspective when they note that **there are more gun dealers in our country than there are gas stations.**

The number of license applications is exploding. In FY 92, ATF's licensing center received an average of 2,900 applications each month. In December 1992, the number jumped to 5,200 applications. From January through April 1993, the center received an average of 6,000 applications each month. According to ATF, the escalating number of applications is primarily the result of minimal licensing standards and fees.

ATF spokesman Jack Killorin noted: "There is no question that illegal activity by [dealers] is a threat to the community. **The volume of licenses has outstripped [ATF's] ability to keep up**" (Washington Post, December 12, 1992). While the number of dealers has increased by 65 percent since 1980, the number of investigators assigned to inspect these dealers has decreased by 13 percent.

In 1991, ATF issued 270 licenses a day, for a total of 91,000 new and renewed licenses that year. Only 37 of the 34,000 requests for new licenses that year were denied. Only 15 of the 57,237 requests for renewal licenses that year were denied.

Generally, fewer than 10 percent of dealer applicants undergo an actual inspection in the form of a personal interview or an on-site visit. **Once licensed, a typical dealer is audited by federal inspectors only once every twenty years.**

ATF relies primarily on a computer search to inspect applicants. However, since the ATF database does not include arrests and dispositions from many states, errors can be made. Moreover, the license application contains no stringent identification requirements, not even fingerprint checks. Applicants often get friends to file license applications for them; two years ago,

ATF officials approved applications for two dogs (Washington Post, May 8, 1991).

Only about one-quarter of all federally licensed dealers are actually storefront businesses (ATF). Out of the remaining three-quarters of all dealers who operate out of their homes, ATF estimates that a majority of these "kitchen-table" dealers acquire a license in order to buy guns in bulk at lowered prices and to skirt state and local laws such as waiting periods and other restrictions.

THE AMENDMENT

The amendment will raise the annual license fee for firearm dealers to \$375. Currently, the federal firearms statutes impose an annual fee of \$10 on federal licensees. This figure has remained unchanged since the enactment of the 1968 Gun Control Act. **It is more expensive to join the NRA than it is to get a federal firearms license.**

ATF estimates that an increase in license fees to \$375 would reduce the total number of firearm dealers from the current 287,000 to somewhere between 40,000 and 70,000. The proposed user fee would enable ATF to do thorough computer checks, as well as to conduct on-site visits and background checks for every applicant. It would also enable ATF to investigate every dealer at least once a year.

The proposed fee increase will ensure that firearms licensees and customers, not taxpayers, bear the full burden of the program's costs. The current \$10 fee does not even cover the costs of processing paperwork and issuing a license. Moreover, since federal law imposes various regulatory requirements on licensees, American taxpayers currently pay for the rising costs of background investigations and periodic inspections.

The proposed fee increase will discourage individuals from obtaining a dealer's license for illegal purposes. The current system encourages people to file applications even if they have no intent to actually engage in a firearms business. Licensees often acquire firearms at wholesale prices for their personal use; in a recent sampling of gun dealers, 73 percent had conducted fewer than 10 transactions in the preceding year. Licensees also obtain licenses to circumvent state and local laws that impose restrictions on firearm

acquisition; restrictions such as waiting periods and the Virginia one-gun-per-month rule do not generally apply to transactions between dealers.

● **Investigation of firearms licensees is highly effective.** In February of this year, the ATF implemented an initiative to contact every firearms license applicant. Approximately 19 percent of new license applicants who were directly contacted by field inspectors withdrew or abandoned their applications. Over a period of three months, increased efforts by ATF's licensing center resulted in 3,620 new and renewal applications being withdrawn, abandoned, or voluntarily discontinued. Unfortunately, without the additional revenues sought by the amendment, this program must be cancelled.

● **This amendment is supported by the Fraternal Order of Police and the International Brotherhood of Police Officers.** It is also supported by the National Alliance of Gun Stocking Dealers (which represents store-front dealers) as well as the ATF.

DANGERS OF LICENSED GUN DEALERS

● Josh Lee, a federally licensed dealer in Orange County, California, supplied guns to the **Fourth Reich Skinheads**, who were plotting to kill Rodney King and blow up the First African Methodist Episcopal Church in Los Angeles. ATF spokesman Jack Killorin opined: "**If . . . you want to put down on your application 'American Nazi Gun Shop,' we have no ability under the law to shut you down.**" [Los Angeles Times]

● During a six-month period in 1990, Gustavo Salazar, a federally licensed gun dealer in Los Angeles, purchased more than **1,500 guns** which he sold to **gang members** and other individuals. An ATF check on 1,165 of these handguns showed that only four had been registered under California law. [Violence Policy Center]

● 22-year old gun dealer Sam Miller, a **convicted drug dealer and felon**, sold guns, including at least ten high-powered semiautomatic pistols, to teen-age members of **Boston's Inner-city gangs**. Yet Miller's convictions were not forwarded to the FBI's National Crime Information Center; thus nothing on the computer suggested that he was a felon. [Boston Globe]

● More than a dozen federally licensed dealers in **Detroit** have been charged with providing more than **2,000 firearms** to criminals in the city. [Violence Policy Center]

● Carroll Landis Brown, a federally licensed dealer in **Baltimore**, sold more than **300 handguns**, fewer than half of which were properly recorded, and at least 14 of which have turned up at Baltimore crime scenes. Brown took out **classified ads** in the Baltimore Sun, advertising the semiautomatic pistols. [Washington Post]

● Federal firearms licensee David Taylor, a Bronx man with a long record of misdemeanors and an indictment for murder at the age of 16, ordered more than 500 guns from Ohio, which he sold to **New York City drug dealers**. [New York Times]

● James Boyd, a gun dealer and Los Angeles County sheriff's reserve deputy, falsified firearms forms and sold handguns to a citizen of the **Philippines** who smuggled the weapons out of the country in microwave ovens. Boyd worked with Willie Harris, a convicted felon, who allegedly sold weapons to **Los Angeles gang members**. [Los Angeles Times]

● From February to June in 1990, Detroit "kitchen table" dealer McClinton Thomas ordered **hundreds of handguns**, and sold them off the books, including 90 guns to a "big-time dope dealer." [Violence Policy Center]

● A firearms dealer in Texas falsified his records to conceal the diversion of over **2,000 firearms to a Mexican national** who is a major firearms trafficker. [ATF testimony]

● A firearms dealer in North Carolina provided between 6,000 and 10,000 handguns to the black market after **altering the serial numbers of the handguns**. Several of the firearms have been recovered from convicted felons, drug dealers, and a firearms trafficker in New York City involved with **Pakistan Nationals**. [ATF testimony]

● Two Miami gun dealers sold machine guns to operatives of the **Medellin cocaine cartel**, and an Ohio dealer shipped weapons to the **Irish Republican Army**. [Washington Post]



DIRECTOR

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

JUL 26 1993

Honorable Paul Simon
Chairman
Subcommittee on the Constitution
Committee on the Judiciary
United States Senate
Washington, DC 20510

Dear Senator Simon:

This is in response to your inquiry of July 23, 1993, in which you asked for our evaluation of how many current Federal firearms licensees are actively engaged in the business of buying and selling firearms, for which a Federal firearms license is required.

Fortunately, we recently completed a study specifically designed to answer such questions. A statistically valid random sample of 400 licensed firearms dealers (Type 01) was selected. Inspections commenced in fiscal 1992 and the last were completed earlier this year. The rates of occurrence of specific findings can be projected to the entire Type 01 licensed firearms dealer population. Projection of findings results in a precision rate of plus or minus 5 percent with a confidence level of 95 percent. We are enclosing a full report of this study, entitled "Operation Snapshot," for your information.

Use of commercial premises is one indication of actual engagement in the business. However, we recognize that there are some very active dealers who do work from their homes. On the other hand, a firearms business may also be a very small or incidental part of operations at a commercial premises. In the sample, 26 percent of the dealers operated from commercial premises rather than from a residence. Therefore, we can be 95 percent certain that between 21 and 31 percent of all dealers have commercial premises. Based on 244,000 Type 01 dealers, we can estimate that approximately 50,000 to 70,000 operate from commercial premises.

Further, only 19 percent of dealers acquired more than 10 firearms in the year preceding the inspection. Dispositions of more than 10 firearms were recorded for only 20 percent of dealers. Inventory of more than 10 firearms was found for only 16 percent of the sample. The lower range projection for all of these measures is 40,000 dealers.

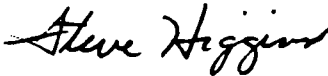
Honorable Paul Simon

We expect that some of those using commercial premises and having annual activity levels of more than 10 firearms will probably abandon their licenses at the level of fees that have been discussed. However, we also expect most of the Type 02 licensees (pawnbrokers), of which there are over 10,000, to remain licensed. Similarly, the more than 2,000 manufacturers and importers would remain licensed. Using these numbers plus the more active dealers as determined from Operation Snapshot we conclude that at least 40,000 licensees requiring regular inspection will remain even after increased annual fees of \$250 or more are imposed.

Finally, you are correct in your recollection that I testified in favor of increased fees for Federal firearms licensees on June 17, 1993, before the House Subcommittee on Crime and Criminal Justice, Committee on the the Judiciary.

We trust this information is responsive to your request. If we may be of further assistance, please let us know.

Sincerely yours,



Director

BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
Synopsis of Testimony
Stephen E. Higgins, Director
June 17, 1993

A major problem facing society today is the ease with which criminals, and others, including children, acquire firearms. This testimony focuses on three areas -- the licensing of firearms dealers, our efforts in stemming illegal activities by certain firearms dealers, and firearms tracing activities.

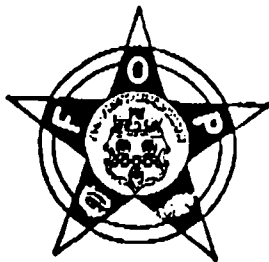
The number of firearms dealer applications has increased from an average of 2,800 per month in FY 92, to 6,000 per month from January through April, 1993. The large number of licensees (over 280,000) is primarily due to the minimal licensing standards and fees in the current law. The annual fee for a dealer's license is only \$10.

The current licensing system encourages persons to file applications who have no intent of actually engaging in a firearms business. According to our Operation Snapshot results, a vast majority of the dealers (73%) buy or sell less than 10 guns a year. Unless an applicant is statutorily prohibited, we must issue a license. Although most licensees do not contribute to our crime problem, the sheer volume of dealers is obstructive in determining the focus of our compliance program.

In a measure to address the growing number of applications, ATF is now (since February 1993) contacting every applicant for a license. As a result of this enhanced program, numerous individuals have withdrawn or abandoned their applications.

Whether criminals buy guns directly, through straw purchases, or from traffickers who buy the guns for resale, virtually all guns ending up in the hands of criminals flow through licensed dealers. Since the beginning of FY 92, 187 firearms dealers have been subject to criminal prosecution.

Information from ATF's Tracing Center is used by ATF special agents and other law enforcement officers to identify the ownership sequence of guns used in crimes. ATF also uses tracing information to target firearms dealers who are frequent sources of guns used in crimes, and to identify patterns of gun traffickers.



DEWEY R. STOKES
NATIONAL PRESIDENT

GRAND LODGE
FRATERNAL ORDER OF POLICE

NATIONAL PRESIDENT • 520 SOUTH HIGH STREET • COLUMBUS, OHIO 43215-5605
(614) 221-0180

July 26, 1993

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

According to information we have received from the Bureau of Alcohol, Tobacco and Firearms (ATF), there are currently in excess of 280,000 licensed firearms dealers in the United States. The primary reason for this excessive number of persons licensed to deal in firearms is the low fee currently contained in the Gun Control Act.

As you are aware, the current fee for a Federal Firearms License (FFL) is a mere \$10 annually. My organization encourages and supports the imposition of an annual user fee in the range of \$375 to \$500.

At the current rate, the American taxpayer is subsidizing the issuance of firearms licenses to an abundance of individuals who are, at best, minimally engaged in activities requiring a license. A recent study conducted by ATF showed that 74% of the licensed dealers are operating from their residences. Only 13% of the dealers bought or sold more than 50 firearms in a year. The cost of processing an application and issuing a license for dealers who engage in these minimal activities far exceeds the current \$10 fee.

There are approximately 220 ATF inspectors who conduct application and compliance inspections on the 280,000 dealers. It is apparent that at the current staffing level, ATF cannot inspect all firearms dealers to ensure their compliance with laws. Obviously, the volume of dealers would decrease dramatically with an increase in the fee to \$375-\$500 annually, thereby making the number of dealers more manageable to ATF.

In order to support ATF's firearms program in conducting application and compliance inspections on firearms dealers, the \$375-\$500 annual user fees for FFLs should go directly to ATF. This enhanced funding would enable ATF to hire additional inspectors to ensure that no new or renewal FFLs are issued without contact made by ATF inspectors, which is essential to ensure the legality and integrity of all firearms dealer operations.

Honorable Paul Simon
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July 26, 1993

ATF has initiated several firearms programs to target those firearms dealers that are either illegally trafficking in firearms or the sources of firearms purchased by criminals. However, neither ATF nor state or local law enforcement agencies have the resources to inspect and locate all dealers operating outside the law. Recently, a firearms dealer operating from his residence in Tinley Park, Illinois, was the subject of numerous complaints from his neighbors for firing weapons in the area. When local police investigated the complaints, the dealer refused entry to the police and threatened to kill them if they attempted entry. Although the dealer had an extensive arrest record, there were no convictions that would prohibit issuance of an FFL. Additionally, local ordinances did not prohibit operating a firearms business from a residence. Although ATF is taking action in this matter, this instance serves as an example of a dealer who may not have been inspected, except for the referral from local authorities that arose from citizen complaints.

In summary, we strongly support an imposition of an annual user fee in the range of \$375 to \$500 for issuance of Federal Firearms Licenses for the following reasons:

- The U.S. taxpayer should not be subsidizing the cost of establishing and maintaining firearms businesses.
- A \$375-\$500 annual user fee would reduce the current number of licensees (280,000) to an estimated 40,000 to 70,000.
- By directing the funds resulting from the \$375-\$500 user fee to ATF, all new and renewal FFL applicants would be inspected to ensure compliance with the law.
- Since a \$375-\$500 user fee would virtually eliminate dealers operating from their residences, it would support the efforts of local law enforcement and zoning officials in enforcement of their laws.
- The increased fee will not affect firearms dealers that engage in the business as a primary source of income. In fact, these dealers would benefit from the reduced competition they are experiencing from people who are mere hobbyists, but licensed as dealers.

If you wish to discuss this matter in more detail, please call me at (614) 221-0180.

Sincerely,

Dewey R. Stokes

Dewey R. Stokes
National President

**INTERNATIONAL BROTHERHOOD OF POLICE OFFICERS****2011 Crystal Drive, Suite 206 Arlington, VA..22202****703/979-0290****Fax 703/979-0294****AFL/CIO**

July 26, 1993

Honorable Paul Simon
United States Senate
Washington, DC 20510

Dear Senator Simon:

The International Brotherhood of Police Officers encourages and supports the imposition of an annual user fee in the range of \$375 to \$500 for issuance of Federal Firearm Licenses (FFL).

At the annual rate of only \$10 that is currently imposed by the Gun Control Act, the number of licensed dealers is approximately 280,000. From a law enforcement perspective, this volume of licensed dealers is not only excessive, but is problematic in our effort to control crime. Additionally, with the current inspector staffing level for the Bureau of Alcohol, Tobacco and Firearms (ATF), their approximate 220 inspectors who conduct inspections of dealers cannot ensure that all 280,000 dealers are operating within the law.

According to a recent study conducted by the ATF, the vast majority of firearms dealers operate from their residences in quantities that indicate they have no intention of engaging in the business for support or livelihood. These dealers are merely operating as hobbyists.

There are several reasons for our support of an annual user fee in the range of \$375 to \$500, including:

* At the current \$10 rate, the American taxpayer is subsidizing the issuance of Federal Firearms Licenses. Obviously, the cost of processing, issuing and maintaining firearms licenses far exceeds the current rate.

* ATF currently has approximately 220 inspectors dedicated to the firearms program. A fee of \$375 to \$500 would reduce the number of licensees to approximately 50,000. By directing the funds generated from the \$375 - \$500 user fee to ATF, all firearms dealers could be inspected.

Senator Paul Simon
July 26, 1993
Page Two

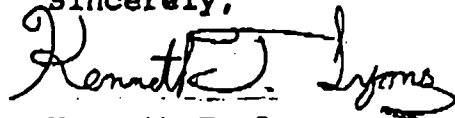
* Local law enforcement and zoning officials would be supported in their efforts to control the proliferation of dealers that do not meet state and local licensing and zoning requirements. Dealers currently operating from their residences would be greatly reduced, if not eliminated.

* A vast majority of firearms dealers who derive their primary source of income from their firearms business are opposed to the current \$10 annual fee. A \$375 to \$500 user fee would discourage the abundance of hobbyists who negatively affect the operations and livelihoods of storefront-type dealers.

To summarize, we strongly encourage and support imposition of an annual user fee in the range of \$375 to \$500 for Federal Firearms Licensees, and the direction of the resultant funds to ATF for additional staffing to ensure the integrity and legality of all firearms dealers.

If you want to discuss this matter further, please feel free to call me at (703) 979-0290.

Sincerely,



Kenneth T. Lyons
National President



**Bureau of Alcohol, Tobacco and Firearms
Office of Compliance Operations
Firearms and Explosives Division**

Open Shot



July 12, 1993

OPERATION SNAPSHOT

BACKGROUND

Since passage of the Gun Control Act of 1968 (GCA) there has been a steady increase in the population of Federal firearms licensees (FFL's) in the United States. In 1968 there were about 87,000 licensees. Today there are over 287,000. In 1968 we did not have sufficient resources to inspect all licensees; nor do we today. Given our current commitment of resources, we project that it would take over ten years to inspect each and every licensee.

Historically, we have based our inspection targeting on some assumptions that we have made about the entire FFL population. We assumed that the vast majority of licensees were residential dealers, but couldn't, with any degree of certainty, calculate how many there were. We suspected that a large number of dealers obtained their Federal firearms license but never engaged in the business contemplated by that license. It seemed that a significant number of dealers were found in violation of the GCA during our compliance inspections, but again, we couldn't quantify the results.

In an effort to bring the Federal firearms licensee population into perspective, Operation Snapshot was conceived. We needed to know who the average licensee was; what kinds of activities and how much of these activities he/she engaged in; and a whole host of other questions which, when answered, would provide us basic information relative to the firearms industry.

Given that our resources would not permit an inspection program that targeted each and every licensee, we developed a program that would provide us the information we needed based on a statistical sampling of the entire firearms dealer population. This program, when completed, would provide us information about Federal firearms licensees within defined degrees of accuracy.

METHODOLOGY

In January of 1992 there were approximately 287,000 Federal firearms licensees, including manufacturers, importers, dealers, pawnbrokers, and collectors. Of that number, 244,042 licensees were dealers authorized to deal in firearms other than destructive devices. These dealers are commonly referred to as Type 01 dealers.

Using a software package designed for the task, ATF selected a random sample of 400 Type 01 dealers. Each dealer in the sample was inspected. ATF inspectors used a uniform workplan and questionnaire to ensure the accuracy of the information being gathered. In those instances where licensees had discontinued business, their records were examined at the ATF's Out of Business Records Center.

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CONCLUSION

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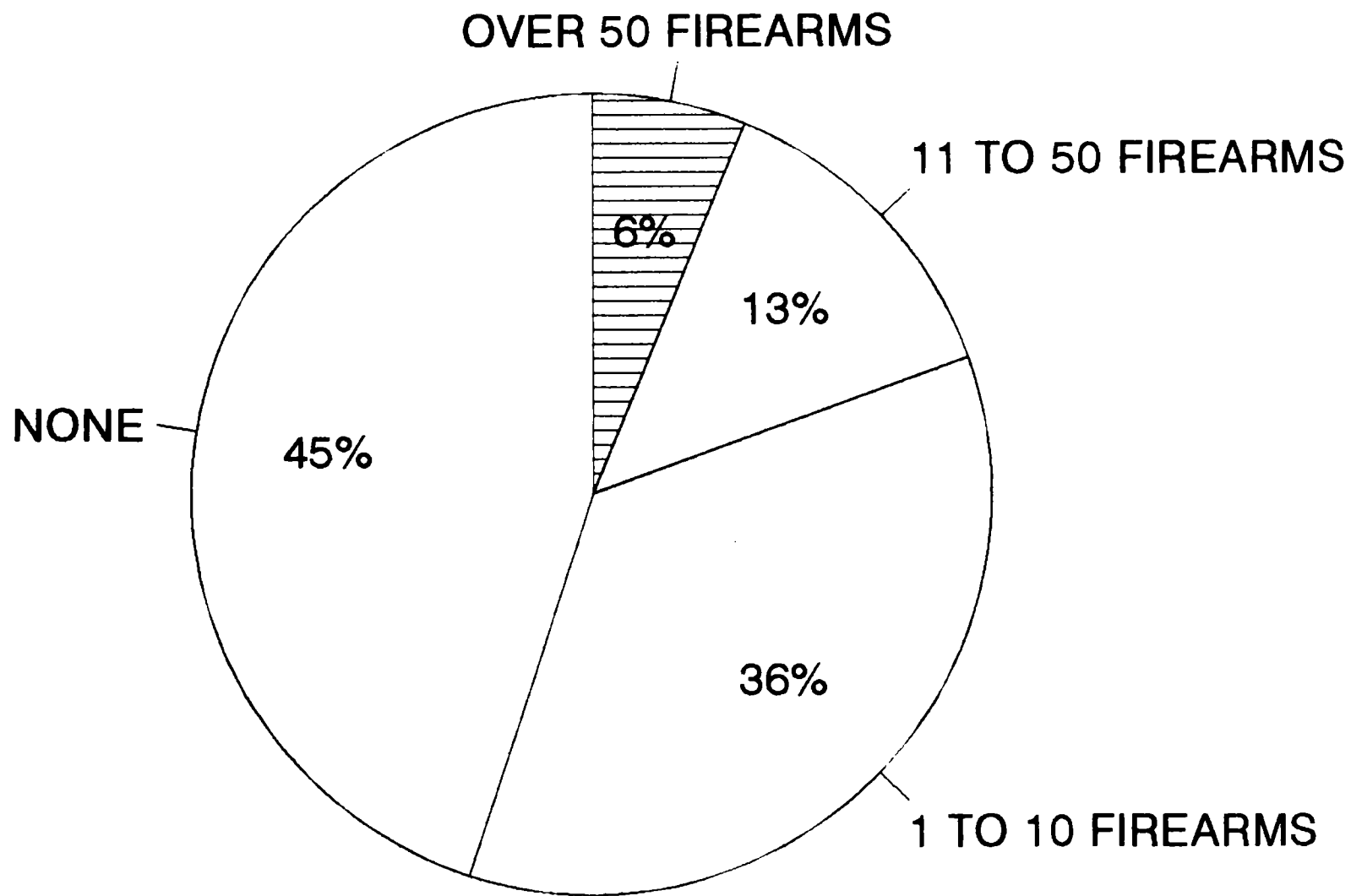
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OPERATION SNAPSHOT

FIREARMS ACQUISITIONS 1 YEAR BEFORE INSPECTION

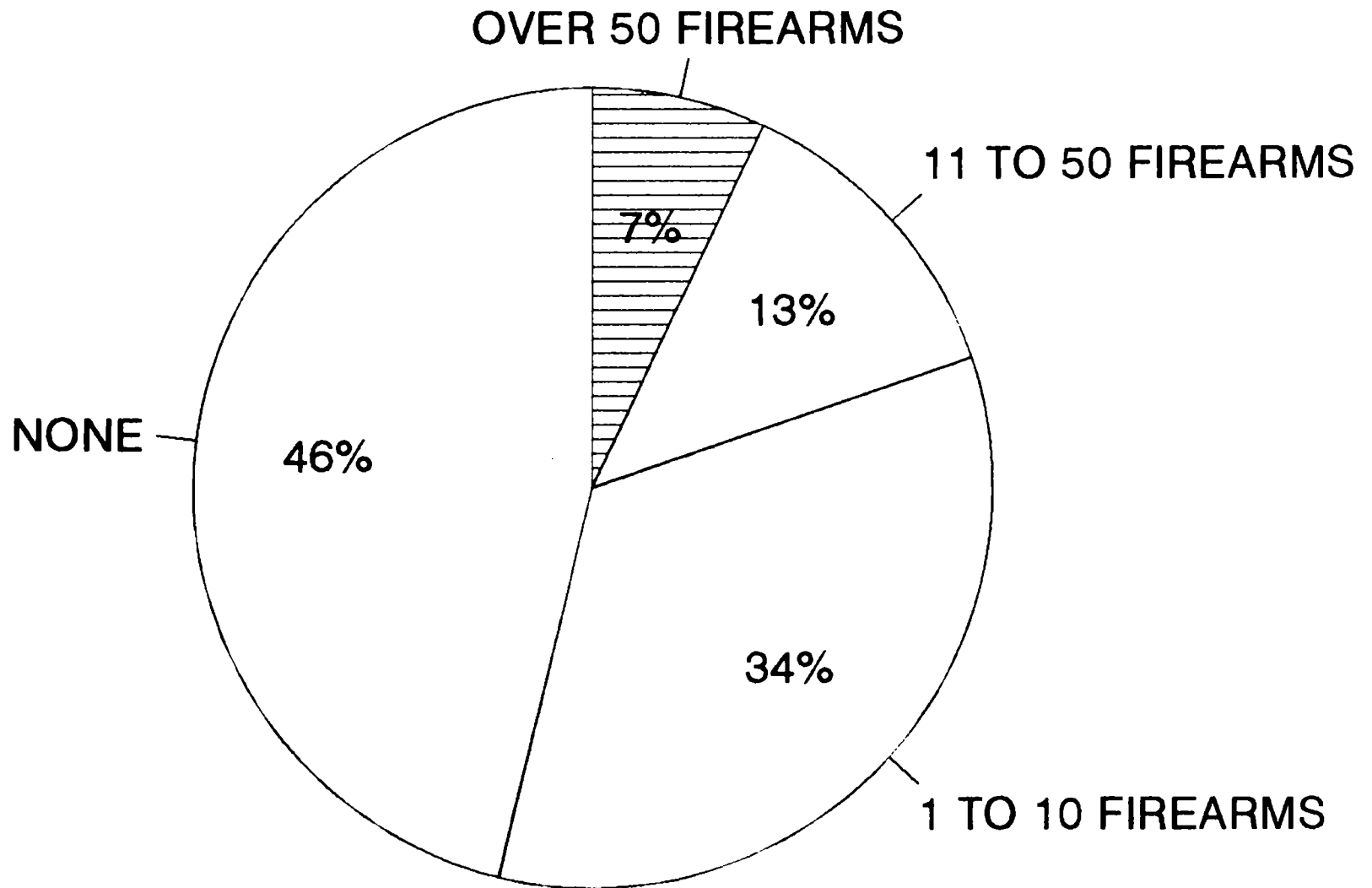


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July 12, 1993

OPERATION SNAPSHOT

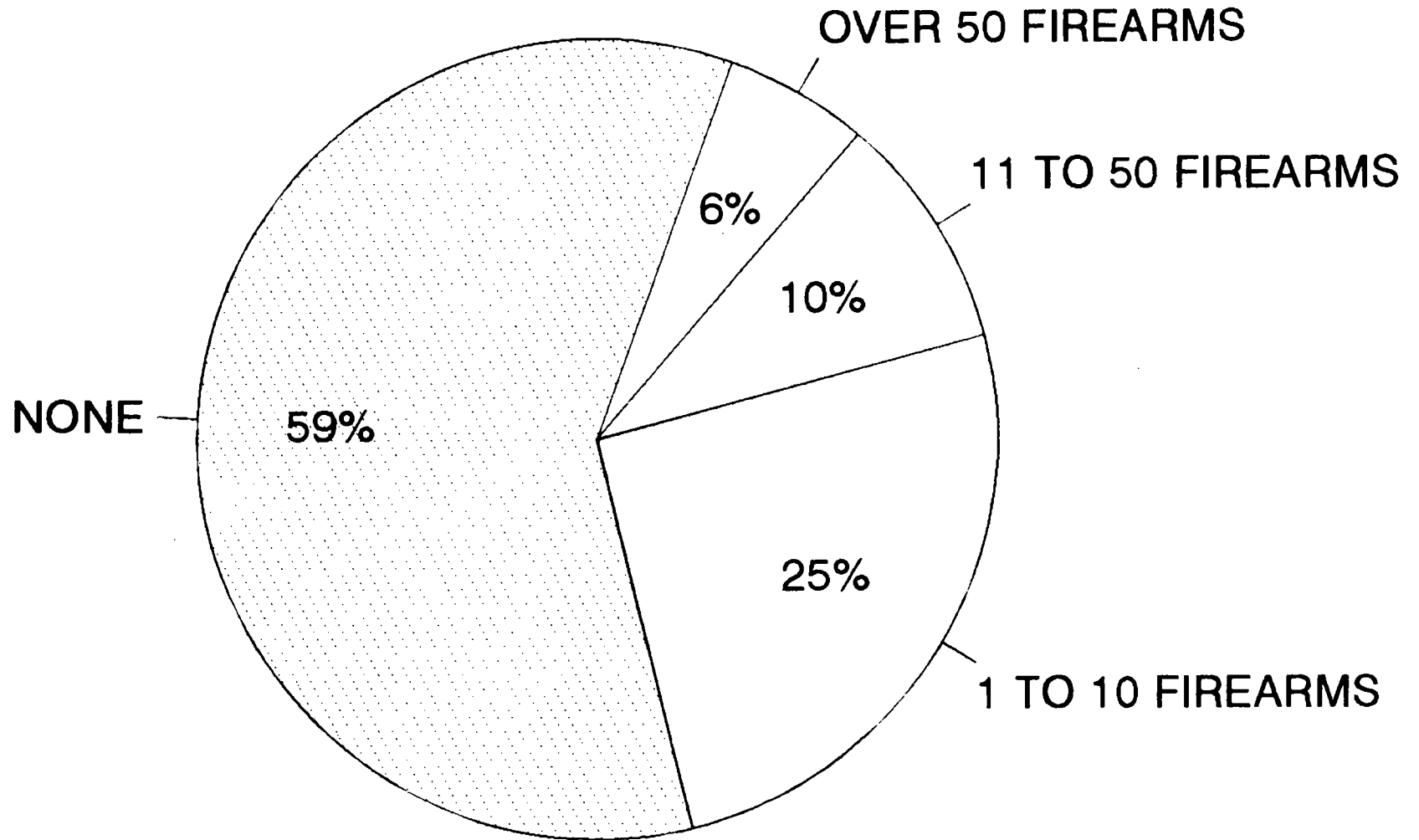
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OPERATION SNAPS: NOT FIREARMS INVENTORY AT TIME OF INSPECTION



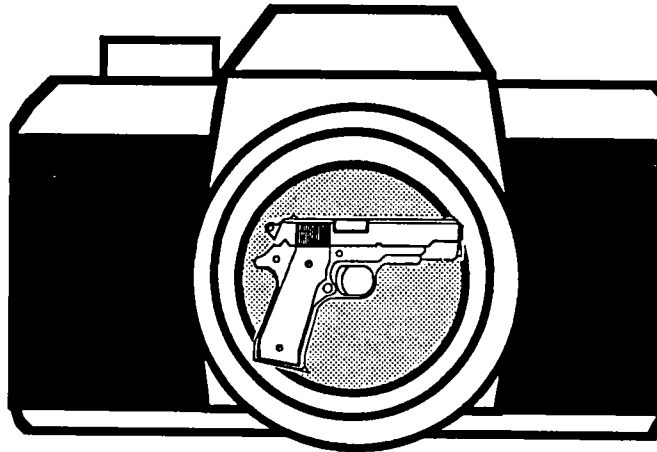
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BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
OFFICE OF COMPLIANCE OPERATIONS
FIREARMS AND EXPLOSIVES DIVISION

OPERATION SNAPSHOT

Final Report



July 12, 1993

OPERATION SNAPSHOT

BACKGROUND

Since passage of the Gun Control Act of 1968 (GCA) there has been a steady increase in the population of Federal firearms licensees (FFL's) in the United States. In 1968 there were about 87,000 licensees. Today there are over 287,000. In 1968 we did not have sufficient resources to inspect all licensees; nor do we today. Given our current commitment of resources, we project that it would take over ten years to inspect each and every licensee.

Historically, we have based our inspection targeting on some assumptions that we have made about the entire FFL population. We assumed that the vast majority of licensees were residential dealers, but couldn't, with any degree of certainty, calculate how many there were. We suspected that a large number of dealers obtained their Federal firearms license but never engaged in the business contemplated by that license. It seemed that a significant number of dealers were found in violation of the GCA during our compliance inspections, but again, we couldn't quantify the results.

In an effort to bring the Federal firearms licensee population into perspective, Operation Snapshot was conceived. We needed to know who the average licensee was; what kinds of activities and how much of these activities he/she engaged in; and a whole host of other questions which, when answered, would provide us basic information relative to the firearms industry.

Given that our resources would not permit an inspection program that targeted each and every licensee, we developed a program that would provide us the information we needed based on a statistical sampling of the entire firearms dealer population. This program, when completed, would provide us information about Federal firearms licensees within defined degrees of accuracy.

METHODOLOGY

In January of 1992 there were approximately 287,000 Federal firearms licensees, including manufacturers, importers, dealers, pawnbrokers, and collectors. Of that number, 244,042 licensees were dealers authorized to deal in firearms other than destructive devices. These dealers are commonly referred to as Type 01 dealers.

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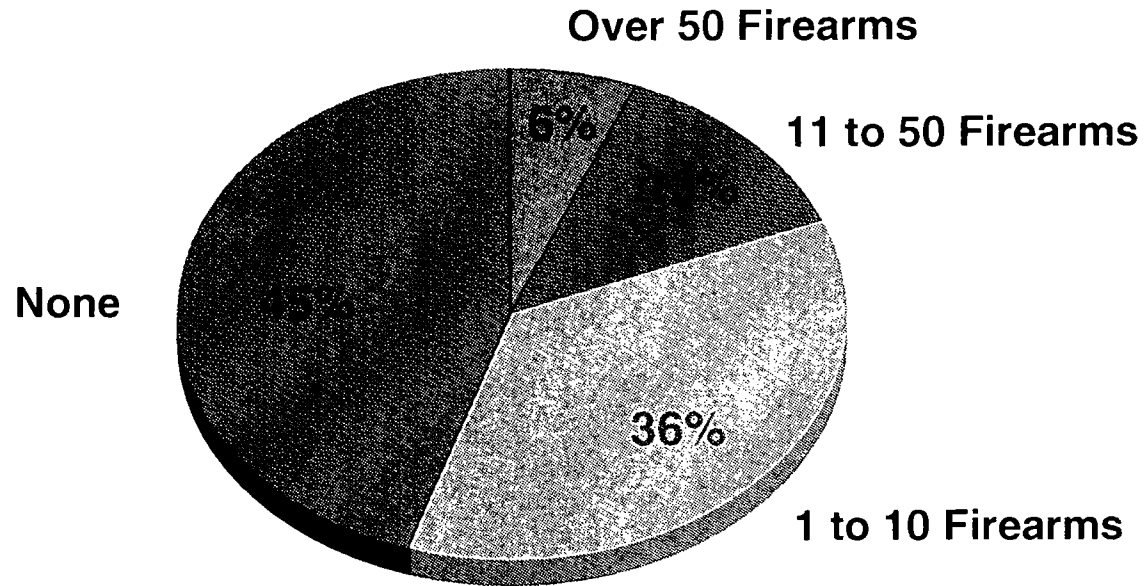
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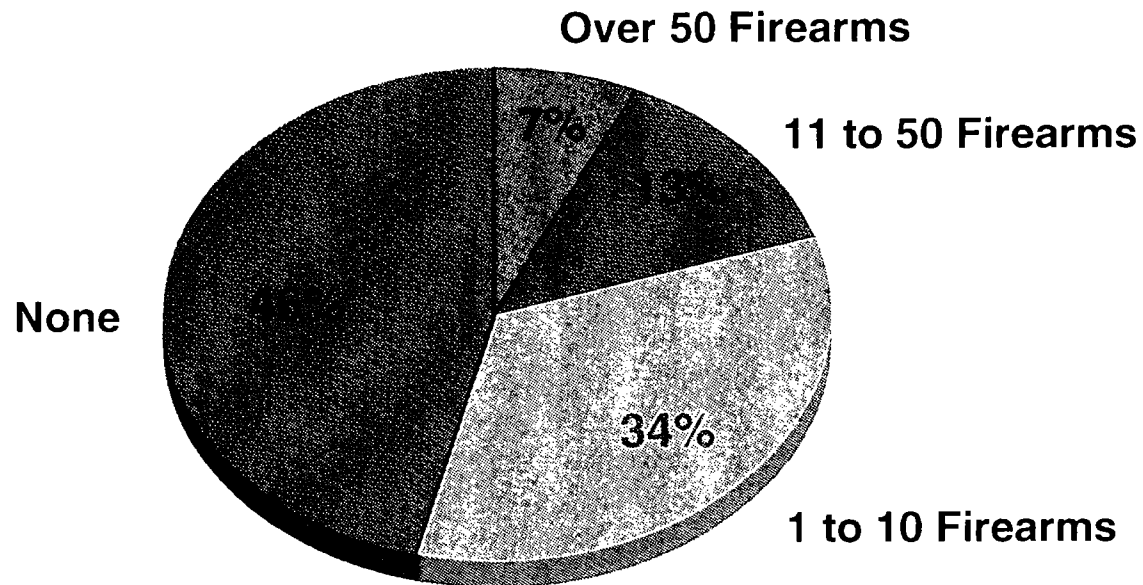
OPERATION SNAPSHOT
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July 12, 1993

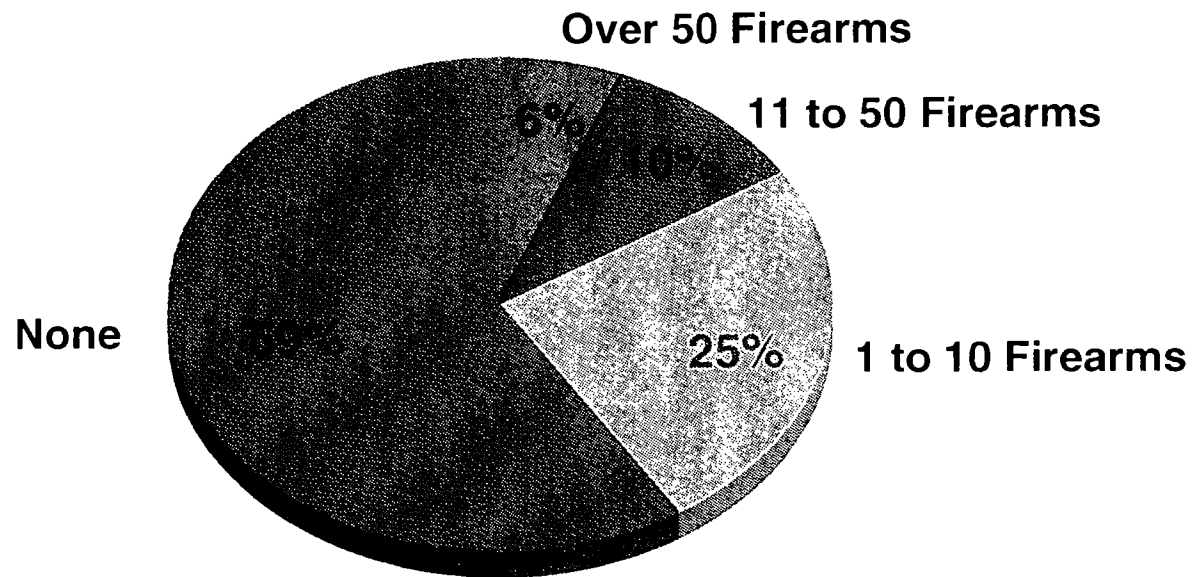
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