PRESIDENT CLINTON UNVEILS LARGEST EVER NATIONAL GUN ENFORCEMENT INITIATIVE, HAILS NEW PROSECUTIONS DATA
January 18, 2000

At an event today in Boston, where federal and local partnerships have helped dramatically reduce gun crime, President Clinton will unveil the largest national firearms enforcement initiative in history. He will also announce new figures from the Department of Justice showing increased federal prosecutions of dangerous gun criminals. The Administration's initiative provides a record $280 million investment in the FY 2001 budget to: 1) add 500 new Bureau of Alcohol, Tobacco and Firearms (ATF) agents and inspectors to target violent gun criminals and illegal gun traffickers; 2) fund over 1,000 new federal, state, and local gun prosecutors to take dangerous gun offenders off the streets; 3) create the first nationally-integrated ballistics testing system and expand crime gun tracing to help catch more gun criminals; 4) fund local media campaigns to discourage gun violence and send a tough message on penalties for breaking gun laws; and 5) expand development of "smart gun" technologies. The President today will also unveil new data from the Justice Department indicating that federal firearms prosecutions rose 25 percent from 1998 to 1999. Finally, he will call again on Congress to enact common sense gun measures that will keep guns out of the wrong hands and make our communities safer.

SWEEPING INITIATIVE TO CRACK DOWN ON GUN CRIMINALS. President Clinton today will unveil budget plans for an unprecedented initiative on gun enforcement. The plan includes funding for:

- **500 New ATF Agents and Inspectors.** The President's initiative includes the largest-ever increase to the ATF for firearms enforcement, including 500 new ATF agents and inspectors. The agents will crack down on violent gun criminals and illegal gun traffickers at gun shows, gun stores and on the street. The firearms inspectors, whose numbers are doubled by this funding, will target unscrupulous gun dealers that supply guns to criminals and juveniles.

- **Over 1,000 Federal, State, and Local Gun Prosecutors.** The President's initiative will fund more than 1,000 new federal, state and local prosecutors to incarcerate gun criminals:

    - <u>1,000 state and local gun prosecutors</u>. The initiative provides $150 million to hire 1,000 more state and local gun prosecutors. The new prosecutors will work closely with the community, law enforcement, and federal prosecutors on gun-related crimes.

    - <u>Over 100 additional federal gun prosecutors and new enforcement teams</u>. The initiative will fund nearly 100 more federal gun prosecutors in the offices of U.S. Attorneys. The initiative also funds 20 gun enforcement teams in high gun crime areas, enabling 20 cities to replicate Boston's comprehensive anti-crime strategy, "Operation Ceasefire." These teams will coordinate enforcement efforts and maximize tough federal sentencing laws against armed career criminals and illegal gun traffickers.

- **Comprehensive Crime Gun Tracing.** Boston's "Operation Ceasefire" and the Boston Gun Project have brought federal, state and local law enforcement together to trace crime guns and identify and arrest illegal gun traffickers. The Administration's Youth Crime Gun Interdiction Initiative was launched to replicate the Boston model, and today the President will announce that his budget expands the YCGII from 38 cities to 50 cities. Today's initiative will also help more cities crack down on illegal traffickers by providing funds for tracing equipment and training to 250 state and local law enforcement agencies.

- **New Initiative on Ballistics Testing.** The Administration's FY 2001 budget request will triple current ballistics testing funding by investing $30 million to create the first ever National Integrated Ballistics Information Network (NIBIN). This system will help law enforcement use the unique "fingerprints" of bullets or shell casings left at the scene of a crime to identify criminals and illegal gun traffickers – even in the absence of a firearm. Ballistics testing programs at the Federal Bureau of Investigation (FBI) and ATF have already advanced over 16,000 criminal investigations of gun crimes in over 40 states. This initiative will link these two systems for the first time, and within two years will triple the number of law enforcement jurisdictions with access to nearly one million ballistics images.

- **Local Anti-Gun Violence Media Campaigns.** The President's initiative will provide $10 million in Justice Department matching grants to support local media campaigns on gun violence and gun safety. Campaigns would be linked to local gun violence strategies to publicize gun penalties and to maximize deterrence, as well as to highlight proper storage of guns and child access prevention. Targeted campaigns have been used successfully in Richmond's "Project Exile" to emphasize lengthy federal sentences, and in Boston to make clear the consequences of breaking gun laws.

- **Innovative "Smart" Gun Technologies.** The President will also propose $10 million – more than double last year's request – for the expansion, testing and replication of "smart" gun technologies. These state-of-the-art safety innovations could limit a gun's use to its owner or other authorized users – and could therefore prevent accidental shooting deaths of children, deter gun theft, and stop criminals from seizing and using the guns of police officers against them.

NEW DATA SHOW THAT FEDERAL FIREARMS PROSECUTIONS ARE UP. Today, the President will also highlight new data from the Justice Department showing the results of bolstered efforts by federal prosecutors to put serious gun criminals behind bars. From 1998 to 1999, the number of federal firearms cases prosecuted by U.S. Attorneys increased 25 percent, from 4,391 cases in 1998 to 5,500 cases in 1999. Tough prosecutions, strategic efforts to deter and prevent gun crime, and the passage of strong new gun laws such as the Brady Act, have together led to a more than 35 percent drop in gun-related crime since 1992 and a 57 percent decrease in juvenile gun homicide offenders since 1993.

COMMON-SENSE GUN MEASURES ARE STILL NEEDED AND LONG OVERDUE.
In addition to pursuing an aggressive enforcement budget, the President will continue to call for much-needed reforms to our nation's gun laws to keep guns out of the wrong hands. Among the common-sense measures he will call on Congress to enact: requiring background checks at gun shows, mandating child safety locks for handguns, banning the importation of large capacity ammunition clips, and banning violent juveniles from owning guns for life.

FY 2001Gun Initiatives
Q&A
January 18, 2000

General

Q: Aren't you making this announcement as a response to the NRA's accusation that you aren't enforcing the laws?

A: Not at all. We have been enforcing the laws, and today's firearms prosecution data confirm that we've significantly increased federal firearms prosecutions. [The number of firearms prosecutions is now higher than in 1992 by nearly 16 percent.] Moreover, my sweeping firearms enforcement initiative in the FY 2001 budget demonstrates that we are absolutely committed to doing even more on enforcement, to give federal, state, and local law enforcement more and better tools to enforce our gun laws and crack down on violent gun criminals and illegal gun traffickers. I hope that we can count on the NRA to support our aggressive initiative. But importantly, I have always believed that it's a false choice to choose between enforcing current laws and supporting legislation to strengthen them as well. I will continue to push for my budget proposals and new legislation – and I hope that those who have used enforcement as an excuse not to pass common sense gun laws will revisit their position in view of today's initiatives.

Federal Firearms Prosecutions

Q: How do you explain the steep increase in federal firearms prosecutions? Are they higher than when you came to office?

A: We believe that the new statistics show that U.S. Attorneys have redoubled their efforts to focus on targeting gun crime and violence in this country – and show that we are serious about enforcing the laws against dangerous gun criminals and illegal gun traffickers. The number of federal firearms cases is also higher than in 1992 by nearly 16 percent progress in this area. There are a number of factors that have helped to lead to this increase. I believe a key factor has been strengthened coordination between our U.S. Attorneys and state and local prosecutors to target gun criminals in the community and refer them for appropriate prosecution; this collaboration has resulted in more federal prosecutions in some areas, as well has increased prosecution by state and local prosecutors.

But I think it's important to remember that the phenomenal success we've experienced in reducing gun crime shouldn't be measured by firearms prosecution numbers alone. Tough prosecutions, law enforcement efforts to deter gun crime, and preventing guns from getting into the wrong hands in the first place – through Brady background checks and other common sense gun measures – have all contributed to the remarkable 35 percent decline in gun-related crime nationwide since 1993.

Q: Why are you saying that firearms prosecutions are up when the number of defendants is nearly identical to the number of defendants prosecuted in 1992?

A: First of all, the number of federal firearms cases prosecuted by U.S. Attorneys has, in fact, increased from 4,754 in 1992 to 5,500 in 1999 – a 15.7 percent increase. In the last year alone (1998 to 1999), we increased the number of federal firearms prosecutions by over 25 percent, and the number of defendants prosecuted also increased by 20 percent. While it is true that the number of defendants prosecuted in 1999 is about the same as 1992, it is also true that the federal prosecutors have substantially increased prosecutions of more serious gun criminals. In 1999, the number of federal gun defendants sentenced to 5 years or more was 41 percent higher than in 1992, and the average sentence length increased by more than two years. This shows that our federal prosecutors are targeting more dangerous gun offenders for prosecution, and that dangerous gun criminals prosecuted by federal prosecutors today are taken off the street for a longer time.

Q: Do you know how many of these cases are prosecutions for individuals denied a sale due to a Brady background check?

A: We do not yet have the breakdown yet on the types of cases, but the Justice Department should be able to provide it in the near term.

DOJ Budget Proposals

Q: Why does the Administration provide funding for more new local gun prosecutors than new federal prosecutors?

A: The overwhelming majority of firearms cases – as with other violent crime cases-- are handled by local and state prosecutors. In many cities, local and federal prosecutors are forming successful partnerships to reduce gun violence by targeting the most serious gun criminals for federal prosecution in appropriate cases. For example, in some instances, federal penalties for armed career criminals and illegal gun traffickers are more severe, and should be handled for federal prosecution. My budget maintains the appropriate federal-local balance and significantly enhances resources for prosecutors across the board to bolster prosecutions overall.

Q: How would your local gun prosecutor program work?

A: The Justice Department program would provide state and local prosecutors' offices with three-year grants to fund the hiring of attorneys to work closely with the community and local law enforcement authorities to focus on prosecuting gun-related crimes. The program would operate similarly to our successful COPS program, requiring a local match for communities applying for them and requiring localities to retain the gun prosecutors beyond the three-year grant period.

Q: What will the 100 new Federal gun prosecutors be doing? What are "enforcement teams"?

A: This initiative calls for an increase of over 100 federal gun prosecutors to work in the offices of U.S. Attorneys across the nation on gun-related cases. In addition, 20 new enforcement teams, consisting of federal prosecutors and crime analysts, will be deployed into high gun crime communities. Enforcement teams will form partnerships between federal and local prosecutors, ATF and other national, state and local law enforcement and community leaders to analyze and identify key sources of community gun crime problems; coordinate enforcement efforts; expand access to crime-fighting tools, like crime gun tracing, to help crack down on illegal gun traffickers; and target the most serious gun offenders for federal prosecution. Such partnerships have had dramatic success reducing gun violence in communities across the nation modeled after programs such as Boston's "Operation Ceasefire." In addition, programs such as Richmond's "Project Exile" have had an impact on gun violence through utilizing enhanced federal penalties for armed career criminals to deter and incarcerate gun criminals.

Q: What more can you tell use about your smart gun technology proposal in the budget?

A: My budget includes $10 million in new funds for the Justice Department's National Institute of Justice (NIJ) to fund the expansion, testing, and replication of "smart gun" technologies. Smart gun technologies limit a gun's use to the proper owner – preventing accidental gun death, theft, and other unintended gun use. Several handgun manufacturers have already started to experiment with smart gun technologies.

NIJ has already formed a partnership with Colt's Manufacturing, which has resulted in the development of a smart gun prototype. My budget will help to build additional partnerships with gun manufacturers to help speed the availability of smart gun technology to the average consumer.

Once smart gun technology is fully developed and tested, it can help prevent law enforcement officers from having their weapons used against them, and accidental gun death and injuries from children who obtain access to a gun.

<u>ATF Budget Proposals</u>

Q: Why did the Administration previously cut ATF funding?

A: While there was a brief time when we believed it was appropriate to direct resources toward other law enforcement priorities, since then, we have been providing steady increases to ATF. Today's announcement represents the largest budget increase in ATF's history, helping to make it stronger than ever before.

Q: How many ATF agents and inspectors are there currently? How large of an increase does this represent?

A: The President's initiative provides funding for 300 new ATF firearms agents, and represents a 23% increase over the 1,287 agents currently working on firearms enforcement at ATF. The President's initiative would double the current number of ATF firearms inspectors by providing funding for 200 new inspectors.

Q: What specifically will the new 500 ATF agents and inspectors do?

A: The new agents and inspectors will complement many of the initiatives we are announcing today. For example, new agents will be deployed to cities participating in the Youth Crime Gun Interdiction Initiative, using tracing data to pursue illegal gun traffickers; ATF agents also will join the gun enforcement teams we are proposing to create out of the U.S. Attorneys' offices in 20 high gun crime areas. In addition, ATF agents will work with communities to carry out intensive firearms prosecutions strategies that focus on the most violent offenders and illegal gun possessors, like Richmond's Project Exile. And finally, new agents will add strength to ongoing efforts to target illegal gun trafficking at gun shows, gun stores, and on the street.

New inspectors will allow ATF to conduct more inspections of gun dealers who are the source of crime guns to criminals and juveniles; make more criminal referrals for further law enforcement investigations against unscrupulous gun dealers; and enhance their current ability to issue more frequent warnings and revoke more licenses, where appropriate.

Q: What is the Administration proposing on ballistics testing and how will it be funded?

A: My request will triple current funding to $30 million for ballistics testing, to fund a groundbreaking National Integrated Ballistics Information Network (NIBIN) that will eventually give every law enforcement agency in the nation access to valuable information on gun criminals. Ballistics testing is a successful crime-fighting tool that enables police to use the unique "fingerprints" of bullets or shell casings left at the scene of a crime to identify violent criminals and illegal gun traffickers – even in the absence of a firearm. This initiative creates a groundbreaking partnership between ATF and the FBI to increase access to nearly one million ballistic images to 230 law enforcement agencies across the nation within a two-year period. These two systems combined have helped advance over 16,000 gun crime investigations in over 40 states.

Q: What is ballistics testing and how does it work?

A: Ballistics testing makes it more difficult for criminals to cover up crimes committed with firearms than ever before. Similar to a fingerprint identification system, ballistics systems maintain databases of the unique markings that are left on every bullet and casing when fired from a gun. Using this technology, an examiner can match bullets to firearms used in crimes across the nation in seconds. Ballistics databases give police the tools they need to use bullets or casings left at the scene of a crime to identify criminals or the illegal gun traffickers who supply the firearms criminals -- even in the absence of a firearm. They also help link criminals found in possession of firearms to crimes they may have committed with the same gun in other jurisdictions on the network. In some cases, criminals identified through ballistics testing have been successfully linked to murders and other violent crimes in several states.

Gun Lawsuit Talks

Q: What is the status of your discussions with the gun industry and the cities that have filed lawsuits? What more can you tell us about the meetings you've had? And what do you plan to discuss at the gun industry's Shot Show this week?

A: As we've made clear before, the White House intends to engage the gun industry in negotiations. We've had some preliminary discussions, and want to engage as many members of the gun industry as we can to achieve meaningful reforms to the way the gun industry does business. Some of the reforms we are seeking include tightening distribution controls to prevent firearms from reaching the illegal market, improving the design and safety of firearms to prevent accidents and unintended uses, and halting the practice of marketing to criminals and juveniles. In sum, we want real reforms that will improve public safety and save lives.

Fighting More Gun Crime with Ballistics Testing
December 17, 1999

New Administration Initiative on Ballistics Testing: The Administration's FY 2001 budget request will provide over $30 million to fund a groundbreaking National Integrated Ballistics Information Network (NIBIN) that will eventually give every law enforcement agency in the nation access to valuable information on gun criminals. Ballistics testing is a successful crime-fighting tool that enables police to use the unique "fingerprints" of bullets or shell casings left at the scene of a crime to identify violent criminals and illegal gun traffickers – even in the absence of a firearm. Ballistics testing programs at the Federal Bureau of Investigation (FBI) and the Bureau of Alcohol, Tobacco & Firearms (ATF) have already advanced over 16,000 criminal investigations of gun crimes in over 40 states. This initiative will link these two successful systems for the first time, and triple the number of law enforcement jurisdictions with access to nearly one million ballistics images within a two-year period.

How ballistics technology works: Ballistics testing makes it more difficult for criminals to cover up crimes committed with firearms than ever before. Similar to a fingerprint identification system, ballistics systems maintain databases of the unique markings that are left on every bullet and casing when fired from a gun. Using this technology, an examiner can match bullets to firearms used in crimes across the nation in seconds. Ballistics databases give police the tools they need to use bullets or casings left at the scene of a crime to identify criminals or the illegal gun traffickers who supply the firearms criminals -- even in the absence of a firearm. They also help link criminals found in possession of firearms to crimes they may have committed with the same gun in other jurisdictions on the network. In some cases, criminals identified through ballistics testing have been successfully linked to murders and other violent crimes in several states.

New universal system: National Integrated Information Network (NIBIN). This initiative creates a groundbreaking partnership between ATF and the FBI to increase access to nearly one million ballistic images to 230 law enforcement agencies across the nation within a two-year period. These two systems combined have helped advance over 16,000 gun crime investigations in over 40 states. ATF will have overall responsibility for crime gun and firearms manufacturers operations, hardware and software development, training and installation. ATF will also maintain the ballistic image repositories and imaging systems, and work with manufacturers on ballistic image databases. FBI will maintain overall responsibility for a high-speed, integrated network that will serve as the communication vehicle for law enforcement.

A groundbreaking industry partnership on ballistics technology. Working in partnership with ATF, Glock, a major gun manufacturer, will begin a pilot project to allow the ballistic imaging of every 9mm handgun test fired in the manufacturing process. This will create a record linking the "fingerprint" of the shell casing to a bar code for that firearm. The code will enable the ATF National Tracing Center to quickly trace the cartridge to a firearm, and then help law enforcement to identify the first purchaser. This is the same technique used in a crime gun trace where the firearm has been recovered. Earlier this month, the manufacturer installed the remote input station for ballistics imaging. ATF expects the company to begin this pilot partnership next month.

Ballistics success stories:

New Orleans. The New Orleans Police Department used ballistics technology to help solve a long-term investigation of a string of violent and brutal murders in the city. Cartridge casings and bullets collected as evidence from crime scenes and from the victims provided data for the IBIS system – which began to produce "hits" between evidence collected from multiple crime scenes. This data was used by the homicide unit to plot the crime scenes, and connected several different firearms used by a violent street gang with a number of drug-related murder and assaults. Ultimately, aided by ballistics technology, 13 members of the "Seventh Ward Soldiers" street gang were indicted, of which 6 were convicted, six pled guilty and one was acquitted.

San Francisco . In June 1997, a victim was shot and killed in a telephone booth. Officers from the Oakland Police Department (OPD) were unable to identify suspects or to develop any leads. Projectiles from the shooting incident were entered into the IBIS unit located at the OPD crime laboratory. The next month, two suspects were arrested in possession of a firearm; since both suspects were felons in violation of their parole, they were incarcerated. In September 1998, the firearm that was taken from the two suspects was test-fired and entered into IBIS, and it was determined that the gun had been used in the June 1997 homicide. The incarcerated suspects confessed to the murder, and identified a third suspect involved in the crime, who was later arrested.

Ballistics Testing Initiative
Q&A
December 21, 1999

Q: What is the Administration proposing on ballistics testing and how will it be funded?

A: The Administration's FY 2001 budget request will provide over $30 million (an increase of over $20 million) to fund a groundbreaking National Integrated Ballistics Information Network (NIBIN) that will eventually give every law enforcement agency in the nation access to valuable information on gun criminals. Ballistics testing is a successful crime-fighting tool that enables police to use the unique "fingerprints" of bullets or shell casings left at the scene of a crime to identify violent criminals and illegal gun traffickers – even in the absence of a firearm. This initiative creates a groundbreaking partnership between ATF and the FBI to increase access to nearly one million ballistic images to 230 law enforcement agencies across the nation within a two-year period. These two systems combined have helped advance over 16,000 gun crime investigations in over 40 states.

Q: What is ballistics testing and how does it work?

A: Ballistics testing makes it more difficult for criminals to cover up crimes committed with firearms than ever before. Similar to a fingerprint identification system, ballistics systems maintain databases of the unique markings that are left on every bullet and casing when fired from a gun. Using this technology, an examiner can match bullets to firearms used in crimes across the nation in seconds. Ballistics databases give police the tools they need to use bullets or casings left at the scene of a crime to identify criminals or the illegal gun traffickers who supply the firearms criminals -- even in the absence of a firearm. They also help link criminals found in possession of firearms to crimes they may have committed with the same gun in other jurisdictions on the network. In some cases, criminals identified through ballistics testing have been successfully linked to murders and other violent crimes in several states.

Q: What is the nature of the partnership with Glock?

A: Working in partnership with ATF, Glock, a major gun manufacturer, will begin a pilot project to allow the ballistic imaging of every 9mm handgun test fired in the manufacturing process. This will create a record linking the "fingerprint" of the shell casing to a bar code for that firearm. The code will enable the ATF National Tracing Center to quickly trace the cartridge to a firearm, and then help law enforcement to identify the first purchaser. This is the same technique used in a crime gun trace where the firearm has been recovered. Earlier this month, the manufacturer installed the remote input station for ballistics imaging. ATF expects the company to begin this pilot partnership next month.

Q: Paul Januzzo, general counsel to Glock, says that ballistics will soon make it unnecessary for manufacturers to produce serial numbers on firearms that cannot be obliterated easily. Is this true?

A: Ballistics testing will greatly advance our efforts to crack down on illegal gun traffickers and gun criminals -- but it is by no means a panacea to the problem. As we have become more effective at interdicting guns in the illegal market, gun traffickers are resorting to obliterating serial numbers so that weapons cannot be traced back to them. Because serial numbers are still the only way that owners can report their guns as stolen, we don't expect ballistics to replace the need for serial numbers. Therefore, we are looking forward to continuing to work with the industry and law enforcement to ensure that there is a serial number an another identifier with every weapon so that it can be traced effectively. Ballistics testing represents a long-term adjunct to the use of serial numbers on firearms.

Q: How is this initiative connected to the threat of federal litigation against the gun industry?

A: This initiative is part of our longstanding efforts to engage the industry in solutions to illegal gun trafficking and gun crime. We certainly hope that Glock's cooperation with our ballistics testing program is an indication that the gun industry is interested in working with us toward a meaningful settlement that will truly improve public safety.

PRESIDENT CLINTON PROPOSES STATE LICENSES FOR HANDGUN PURCHASES
January 27, 2000 -- EMBARGOED

In the State of the Union address tonight, President Clinton will propose a system of state-based licenses for handgun purchases. Under the proposal, every purchaser of a handgun must first have a valid state-issued photo license, showing that the buyer has passed a Brady background check and a gun safety training requirement. The President's proposal is part of a comprehensive strategy to keep guns out of the wrong hands and reduce gun violence and accidental shootings. The President also will highlight recent proposals to launch the largest gun enforcement initiative ever and fund the development of "smart gun" technology that can limit a gun's use to its authorized owner. Finally, he will call again on Congress to pass common-sense gun measures.

A STATE-BASED LICENSING SYSTEM FOR HANDGUN PURCHASES. President Clinton tonight will propose a state-based licensing system that would apply to all handgun purchases. Individuals seeking to buy a handgun would be required to obtain a photo license from their state of residence, and to present the license when they purchase a handgun. States would issue a license only if the applicant has: (1) passed a Brady background check; and (2) shown proof of having completed a certified safety course or exam. Under the President's proposal, state participation would be optional, not mandated. For states that choose not to participate, federally-approved gun dealers or a federal entity would be authorized to issue licenses, in an arrangement comparable to the current Brady check system.

KEEPING CRIMINALS, FUGITIVES, AND OTHER PROHIBITED PERSONS FROM BUYING HANDGUNS. Under the President's proposal, each state licensing authority would regularly cross-check criminal history and other available records to identify license holders who, since obtaining a license, have become prohibited from possessing firearms. Prohibited persons (felons, for instance) would then lose their licenses and their firearms.

PREVENTING ACCIDENTAL SHOOTINGS AND UNAUTHORIZED GUN USE. A recent survey has shown that a third of all handgun owners leave their guns loaded and unlocked. Moreover, the accidental gun death rate of children under 15 in the United States is nine times higher than in 25 other industrialized nations combined. Under the President's plan, applicants for a handgun license would be required to complete a certified firearms safety course or exam. States or certified private entities would administer these safety courses.

HIGHLIGHTING OTHER INITIATIVES ON FIREARMS ENFORCEMENT AND SMART GUN TECHNOLOGY. The President tonight will also describe his proposal for the largest gun enforcement initiative in history. This $280 million initiative includes: 1) 500 new ATF agents and inspectors; 2) over 1,000 new federal, state and local gun prosecutors; 3) comprehensive crime gun tracing; 4) funding increases for ballistics testing; and 5) local media campaigns. President Clinton will also call on Congress to support research in "smart gun" technologies that can limit a gun's use to its authorized owner. The President's budget provides $10 million to fund such research. Finally, the President will emphasize again that it is long past time for Congress to pass common-sense gun measures to close the gun show loophole, ban the importation of high-capacity ammunition clips and require child safety locks.

Handgun Licensing
Questions and Answers
January 27, 2000

Q: Wasn't the Brady Law struck down by the Supreme Court under a scheme similar to this? Isn't your proposal unconstitutional?

A: No. The original Brady law was ruled unconstitutional because it mandated state and local law enforcement to conduct background checks on handgun purchasers until the National Instant Check System (NICS) took effect. Under our licensing proposal, state participation would be optional, not mandatory. For states that choose not to adopt a licensing system, federally-approved gun dealers or a federal entity (like the FBI) would be authorized to issue licenses. This is comparable to the way the revised Brady NICS system now operates.

Q: Are you planning to send legislation to Congress for this proposal?

A: What the President outlined tonight are the broad principles of a plan. These principles are that: 1) licensing should be state-based and a state option; 2) to get a license, a handgun purchaser must first pass a Brady background check and a gun safety requirement. We hope to work with the Congress and others to move this plan forward and to develop its details.

Q: How much will this proposal cost? And is it funded in the budget?

A: The ultimate program costs will depend on many variables: for instance, a dozen states already have some form of licensing in place, and that could significantly reduce the funding needed for what is otherwise a new program. The budget does not contain funds specifically for this proposal.

Q: Under your proposal, would showing a gun license substitute for a Brady background check at a gun store?

A: Absolutely not. This proposal would supplement and not replace Brady background checks, which would still be required for sales at federally-licensed gun dealers. In addition, under the President's proposal, each state licensing authority would regularly cross-check criminal history and other available records to identify license holders who, since obtaining a license, have become prohibited from possessing firearms. Prohibited persons (felons, for instance) would then lose their licenses and their firearms.

Q: How do you know criminals won't just produce fake licenses?

A: As with other forms of identification, states have an interest in producing licenses that are difficult to counterfeit. And while no identification is absolutely foolproof, requiring handgun purchasers to produce a handgun license before they are able to buy a gun will greatly improve upon our current system, which allows criminals to buy firearms from private sellers with no ID, no background check, and no questions asked.

Q: How would you know if private sellers would actually require buyers to show a license? How would you enforce this?

A: One way this licensing plan could work would be to include penalties for sellers or buyers who fail to abide by the license requirement. That is one of the issues we hope to work with Congress and others in determining. But in general, we believe that like the Brady law, our proposal will be another useful tool to keep guns out of the wrong hands.

Q: Is this registration? What is the difference between licensing and registration?

A: No, this is not registration. Registration generally requires firearms owners to register all firearms in their possession with a central government authority. Our licensing proposal would encourage states to create licensing systems that cover prospective sales, not possession, to ensure that all handgun purchasers are legally eligible to possess firearms and know how to safety handle and store them.

Q: Why didn't you embrace handgun registration instead of licensing?

A: The President has stated previously that he believes gun registration is a good idea. But he also believes that the best next step to strengthen our gun laws is a state-based licensing system to help ensure that handgun purchasers may legally possess firearms and can safely handle and store them. This will help law enforcement efforts to keep guns out of the wrong hands, and it can help prevent many accidental shootings.

Q: Aren't you doing this just to support the Vice President's proposal?

A: The President and Vice President have worked together for seven years to reduce gun violence in this country. It is no surprise that they both agree that licensing will help strengthen our nation's gun laws. And they both agree that Congress must enact long-overdue gun measures to close the gun show loophole and require child safety locks.

Q: How many states now have licensing systems?

A: We are aware of at least 12 states that already have some form of a gun licensing system: CT, HI, IL, IA, MA, MI, MN, MO, NE, NJ, NY and NC.

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

DIRECTOR

FEB 4 2000

MEMORANDUM TO: Secretary Summers
Deputy Secretary Eizenstat

THROUGH: James E. Johnson
Under Secretary (Enforcement)

FROM: Director

SUBJECT: New Firearms Regulatory Initiatives

The Bureau of Alcohol, Tobacco and Firearms (ATF) today published the first annual Report on Commerce in Firearms in the United States. The Report provides important data that will help the public understand the firearms industry and ATF's enforcement of the firearms laws.

I want to take this opportunity to inform you of the steps that ATF will take to respond to the findings in the Report on the sources of guns used in crime. Specifically, the Report shows that we need to focus our resources on the relatively small number of active retail dealers and pawnbrokers that are the source of a substantial proportion of traced crime guns. The majority (57.4 percent) of firearms traced in 1998 were sold by only 1,020 of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced to them in 1998.

While many of these Federal firearms licensees (FFLs) may be in full compliance with the law, we need to understand how the new guns they sell end up in criminal hands far more often than those sold by the majority of FFLs. Therefore, we will focus our inspection efforts on retail dealers and pawnbrokers who had 10 or more crime guns traced to them in 1999, and take appropriate action against them where needed.

Moreover, we must determine whether what is true for the new guns that FFLs sell is also true for the used guns that FFLs acquire from unlicensed sellers. These used guns make up a substantial proportion of the firearms sold by some licensees. When FFLs sell used firearms, these firearms are often not traceable because they have passed through the hands of one or more non-licensed purchasers before the licensee obtains them. Once the chain from manufacturer or importer, wholesaler, and retailer is broken, it is extremely difficult to trace a firearm. To assist in the trace of guns used in crime, we will require certain retail dealers and pawnbrokers to submit information to ATF about used guns they have acquired for sale from nonlicensees.

Our ability to trace crime guns depends entirely upon the records kept by FFLs. Most FFLs are diligent about maintaining accurate records. Most respond promptly to ATF trace requests because they understand the need to act quickly to catch and prosecute gun criminals. Unfortunately, this Report also highlights that a small number of retail dealers and pawnbrokers repeatedly fail to cooperate with trace requests. We will take steps to ensure that we are able to trace the guns transferred by uncooperative retail dealers and pawnbrokers by requiring them to submit records of their firearms acquisitions and dispositions. We will also inspect these dealers and, where appropriate, seek to revoke their licenses to deal in firearms.

We also know that a significant number of firearms are stolen or otherwise diverted from the legal market each year. Many of these guns end up in the hands of violent criminals or juveniles. We will propose regulations to require FFLs to identify and report shortages in their inventory to ATF, as well as to report losses that occur in shipment. This will enable us to quickly focus our resources to combat illegal trafficking in stolen guns.

Next, to ensure that all FFLs are actively engaged in the business, we will require as part of the license renewal process a certification of the number of firearms they bought and sold during the previous 3 years. Finally, to assist the firearms industry in policing itself, upon request we will provide manufacturers and importers with a list of the firearms they sell that are the subject of crime gun traces.

More detailed descriptions of the actions ATF will take are set forth in the attachment to this memorandum. These initiatives will significantly improve ATF's ability to trace crime guns, initiate trafficking investigations,

Secretary
Deputy Secretary

curtail the illegal gun market that supplies criminals, unauthorized juveniles and other prohibited persons, and help law enforcement to prevent and respond to armed crime.

Bradley A. Buckles

Attachment

NEW ATF FIREARMS REGULATORY ACTIONS

Focus on Sources of Large Numbers of Crime Guns

A large number of crime gun traces by itself is not necessarily a significant trafficking indicator but, when coupled with other circumstances, can be cause for concern. While many high-trace-volume retail dealers and pawnbrokers may be in full compliance with the law, crime gun trace volume may indicate that diversion is occurring. The FFL might be a participant in a trafficking scheme, or simply an unwitting pawn of straw purchasers or other traffickers. Accordingly, we will focus our inspection resources on licensed retail dealers who had 10 or more crime guns traced to them in 1999. Approximately 1,000 out of 80,570 licensed retail dealers and pawnbrokers fall into this category and their crime gun traces comprised over half of all crime guns traced in 1999.

1. ATF will conduct focused inspections of any of these dealers who have not been inspected within the preceding 12 months to ensure that they are in full compliance with the Gun Control Act and Federal firearms regulations, including maintaining all required records and conducting appropriate checks of the National Instant Criminal Background Check System. If violations are found, ATF will take appropriate action against these dealers. Even if these dealers are in full compliance with the law, ATF inspectors will try to identify improvements in the dealers' procedures that might make them less susceptible to straw purchasers and other traffickers.

A second and independent trafficking indicator is time-to-crime. When a gun moves much faster than the six-year average from the FFL to the scene of a crime, we know from investigative experience that there may be illegal trafficking. Accordingly, we will require retail dealers and pawnbrokers who have 10 or more crime guns traced to them in 1999, with a time-to-crime of three years or less, to provide ATF with certain information about used guns they have acquired from nonlicensees. ATF estimates that 450 retail dealers and pawnbrokers fall into this category.

2. ATF will require these dealers to submit information on the manufacturer or importer, serial number, model, and caliber or gauge of all used guns taken into their inventory from nonlicensees during the past year, and quarterly thereafter. No information on firearms purchasers will be submitted. Because these dealers are associated with a significant number of traces of new guns with a short time-to-crime, there is a substantial likelihood that used guns they sell also end up being used in crime. Used guns often make up a significant portion of many dealers' sales, but, because of inherent limitations in the tracing system, ATF's National Tracing Center usually cannot trace used crime guns. The information acquired through these demand letters will remedy this situation, enabling ATF to trace the used guns sold by these FFLs when they are recovered in crime. ATF also will use the information to try to resolve crime gun trace requests that previously could not be completed.

ATF may send demand letters to additional retail dealers and pawnbrokers who are associated with other trafficking indicators, such as a large number of crime gun traces, a high percentage of short time-to-crime traces, or a large number of stolen firearms.

We will submit an initial report to the Secretary by September 1, 2000, on the actions we take as a result of this focused inspection program and the information we obtain from the demand letters.

Focus on Uncooperative Dealers

FFLs who keep poor records or fail to respond promptly to ATF trace requests severely erode the effectiveness of the tracing system and our ability to catch and prosecute gun criminals.

3. ATF will issue demand letters to retail dealers who:

   - Fail to respond to a crime gun trace request;
   - On three or more occasions, do not respond to a crime gun trace request within 24 hours; or
   - Provided incorrect information in response to a crime gun trace request.

   ATF estimates that 50 dealers currently fall into this category. The demand letters will require submission of all information from these dealers' acquisition and disposition records for the past three years, and monthly thereafter. This information will enable ATF to verify the FFLs' responses to trace requests and quickly trace firearms sold by these dealers if they continue to be uncooperative. Moreover, FFLs who do not cooperate with trace requests frequently fail to maintain accurate records or fulfill other statutory and regulatory responsibilities. Access to these FFLs' records will enable ATF to monitor the dealers' compliance with their legal obligations and will deter noncompliance.

4. ATF will conduct focused inspections of retail dealers that fall into this category and, if violations are found, will take appropriate action. By September 1, 2000, ATF will report to the Secretary listing dealers who were uncooperative on ATF trace requests in the previous year and detailing actions taken by ATF to enforce compliance.

5. ATF will report to the Secretary by December 1, 2000, on why traces cannot be completed and make recommendations for any needed regulatory, enforcement or legislative actions, or improvements in industry practices.

Focus on Guns Stolen from FFLs

6. ATF will publish a Notice of Proposed Rulemaking requiring all FFLs to conduct regular inventories and report discrepancies to ATF. These inventories will enable FFLs to fulfill their statutory obligations to maintain accurate records of the acquisition and disposition of firearms and report the loss or theft of firearms to ATF.

7. ATF will publish a Notice of Proposed Rulemaking requiring FFLs who ship firearms to report to ATF any firearms that are lost or stolen in transit within 48 hours of discovering that the firearms are missing. This will alert ATF to investigate the specific loss or theft and larger trends involving guns lost or stolen during shipment.

Dealers Who Are Not Actively Engaged in the Business

Although there has been a substantial reduction of the total number of licensees in recent years, a survey of retail dealers and pawnbrokers indicates that there are still a significant number of licensed dealers who are not actively engaged in the firearms business. Only those engaged in the business of dealing in firearms are entitled to possess a dealer's license. FFLs not actively engaged in the business have the ability to purchase large quantities of firearms interstate at wholesale prices, which could be disposed of to the illegal market.

8. ATF will amend its Federal firearms license application to require dealers renewing their licenses to certify how many firearms they acquired and disposed of during the preceding three years. This will provide evidence to enable ATF to deny renewal applications of dealers who are not actively engaged in the business.

Providing Information to the Firearms Industry

Licensees often complain that they do not have sufficient information about guns they sell that end up in crime to be able to take appropriate action to decrease the likelihood that their guns will fall into the wrong hands.

9. Upon request, ATF will provide manufacturers and importers a list by serial number of the firearms they sold that were traced as crime guns during the previous year. This will enable the manufacturers and importers to screen the distribution of their firearms and discover for themselves whether any particular model of firearm they sell is frequently used in crime.

Commerce in Firearms in the United States

Table of Contents

Table of Figures and Charts

APPENDICES

Appendix A
STATISTICAL TABLES RELATING TO FIREARMS COMMERCE

Note: Except as otherwise noted, dates refer to calendar years.

Appendix B

Appendix C

EXECUTIVE SUMMARY

Each year, about 4-1/2 million new firearms, including approximately 2 million handguns, are sold in the United States. An estimated 2 million secondhand firearms are sold each year as well. A critical part of the mission of the Bureau of Alcohol, Tobacco and Firearms (ATF) is to prevent diversion of these firearms from the legal to the illegal market, and to keep them out of the hands of criminals, unauthorized juveniles and other prohibited persons under the Gun Control Act (GCA). This report presents data on the firearms market and describes ATF's regulatory enforcement programs to prevent firearms trafficking. Criminal investigation, which is also central to ATF's anti-trafficking work, is discussed in separate reports.[1]

Federal Firearms Licensees (FFLs). Because firearms manufacturers, importers, distributors and dealers produce and handle weapons, Congress requires them to obtain licenses from ATF. ATF screens applicants and oversees licensees to ensure that they comply with the firearms laws. From 1975 to 1992, the licensee population grew from 161,927 to 284,117. In 1992, a large number of retail licensees were not actively engaged in a firearms business. Many of these used their licenses only to buy firearms across State lines at wholesale prices. The growing licensee population strained enforcement resources, and the inactive licensees were holding licenses meant only for those engaged in the firearms business. In 1993 and 1994, Congress added several safeguards to ensure that only legitimate gun dealers obtain Federal licenses, including increased fees and certification requirements. Following ATF's implementation of those provisions, the number of Federal firearms licensees dropped from 284,117 in 1992 to 103,942 in 1999. Of these, 80,570 are retail dealers or pawnbrokers. ATF is now able to utilize its resources more effectively because of the smaller licensee population, and this will help ensure that only legitimate businesses are licensed. Despite the decline, 31 percent of retail licensees in 1998 had not sold a gun in the previous year.

Anti-Trafficking Enforcement. This report highlights two developments in the past five years that have brought law enforcement and the firearms industry into a new era in reducing illegal access to guns. First, the Brady Handgun Violence Prevention Act of 1993 prevents prohibited persons from buying guns from licensed firearms dealers by requiring these dealers to run background checks on purchasers. From the establishment of the National Instant Criminal Background Check System (NICS) in November 1998 to December 31, 1999, over 10 million transactions have been processed. Of these, the Federal Bureau of Investigation (FBI) handled approximately five million, and denied 89,836 unlawful firearms transfers. The States conducting background checks through the NICS processed the other five milion and, the Department of Justice estimates, denied at least as many transfers.

Second, ATF has intensified its focus on illegal gun trafficking, aided substantially by the expanded tracing of crime guns by State and local law enforcement officials, as well as Congressionally mandated reporting of firearms stolen from FFLs. Tracing enables law enforcement to solve individual crimes by linking suspects to weapons and to identify

[1] For recent reporting on criminal investigations involving the diversion of firearms by licensed and unlicensed dealers, see the *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999 (analyzing 648 illegal trafficking investigations involving youth and juveniles and more than 26,900 firearms); and *Gun Shows: Brady Checks and Crime Gun Tracing*, Department of the Treasury and Department of Justice, January 1999 (analyzing 314 illegal trafficking investigations involving gun shows and more than 54,000 firearms).

broader trafficking patterns. Trace information can indicate, for instance, that a purchaser — possibly a straw purchaser or other unlicensed seller — is repeatedly buying firearms from a dealer, or that crime guns from a particular area are repeatedly originating from a particular licensed dealer.

In 1993, recognizing the significant potential of tracing and pursuant to a Presidential directive, ATF began a concerted effort to increase crime gun tracing and trafficking enforcement and to demonstrate the value of tracing to State and local law enforcement agencies. In 1996, President Clinton directed ATF to further strengthen crime gun tracing and enforcement efforts through the Youth Crime Gun Interdiction Initiative, a program in which a jurisdiction commits to tracing all recovered crime guns. Seventeen cities participated in the first year, and 38 are participating in FY 2000. Since 1993, the number of law enforcement trace requests has increased from 55,000 to over 200,000.

As a result of increased crime gun tracing, ATF has identified a series of trafficking indicators that signal whether an FFL or retail purchaser should be investigated for trafficking. These indicators include multiple crime gun traces, sometimes associated with multiple purchases, short time-to-crime traces where the gun is used in a crime within three years after its retail sale, incomplete trace results due to an unresponsive FFL, and reports of lost or stolen guns, among others. Of course, crime gun traces to a dealer do not necessarily indicate illegal activity by the dealer or its employees. Nevertheless, when trafficking indicators are present, it is important to find out why guns are falling into criminal hands and to take action against all violations of law.

ATF's tracing data and analysis has allowed ATF to strengthen both its criminal and regulatory enforcement programs. Most significantly for regulatory enforcement purposes, ATF's tracing data has shown that a small number of dealers account for a large proportion of the firearms traced from crimes. Just 1.2 percent of dealers —1,020 of the approximately 83,200 licensed retail dealers and pawnbrokers—accounted for over 57 percent of the crime guns traced to current dealers in 1998. And just over 450 licensed dealers in 1998 had 10 or more crime guns with a time-to-crime of three years or less traced to them. ATF is now targeting enforcement and inspection resources at these dealers, as well as making crime gun trace analysis available to criminal investigators. By following up on crime gun trace information and other trafficking indicators, ATF can determine the reasons for diversion of firearms from this relatively small proportion of dealers to the illegal market and take regulatory and criminal enforcement actions that will curb this illegal flow of guns. This targeted enforcement should yield significant results: preventing diversion from this concentrated group of dealers will ensure the credibility of the legal market in firearms.

INTRODUCTION

In enacting the Gun Control Act of 1968, Congress declared that its purpose was to keep firearms out of the hands of those not legally entitled to possess them, and to assist Federal, State and local law enforcement officials in their efforts to reduce crime and violence. Congress sought to achieve this without placing any unnecessary burden on law-abiding citizens acquiring, possessing or using firearms for lawful activity. Congress authorized the Secretary of the Treasury to enforce the laws regulating the manufacture, importation, distribution and sale of firearms, and the laws prohibiting the criminal possession and misuse of firearms. The Secretary also has jurisdiction over the administration and collection of the Federal excise taxes imposed on firearms and ammunition under the Internal Revenue Code of 1986. In addition, the Secretary enforces the National Firearms Act (NFA), which requires the registration of certain weapons, such as machineguns and destructive devices, and imposes taxes on the making and transfer of such weapons. These authorities have been delegated to the Bureau of Alcohol, Tobacco and Firearms.

This report is the first in an annual series that will present and analyze data collected by ATF and other Federal agencies relating to the firearms industry and its regulation. Appendices to this report contain statistical tables relating to the firearms industry and regulatory enforcement activities; information concerning ATF licenses, forms, resources, and programs; and a brief history of the Federal firearms laws.

Part I of this report provides information about firearms sales and prices. It shows the flow of new firearms to the domestic market over time by presenting data on manufacturers' reported sales, together with reported exports and imports. Part I also includes data on producer prices for firearms. ATF is providing this information to foster a better understanding of the firearms market, the changing demand for guns by individuals, and the broad characteristics of the regulated firearms industry.

Part II focuses on three topics of current interest: (1) changes in the size and characteristics of the Federal firearms licensee population resulting from licensing law reforms; (2) new methods of keeping firearms out of the hands of criminals and others not legally entitled to possess them, including Brady Act background checks, which prevent the illegal transfer of firearms by licensed dealers to criminals and other prohibited persons, and increased crime gun tracing and analysis, which enables ATF to identify licensed dealers that are the sources of firearms used in crime and provides other investigative leads to illegal traffickers; and (3) how the licensing reforms, the Brady Act, and the growth of crime gun tracing and analysis have enabled ATF to strengthen its inspection program.

Part II also highlights areas where enhanced crime gun tracing, regulatory enforcement, and voluntary industry compliance are needed. Criminal investigation and prosecution is another key component. ATF's strategic goal with respect to the retail dealer population is to prevent the diversion of firearms from legal to illegal channels, and in particular, to felons, juveniles and other prohibited persons. This requires a focused and fair inspection program. If manufacturers and dealers voluntarily comply with Federal law, and ATF can deter violations and correct problems by licensees through industry education and regulatory actions, guns can be kept from falling into the wrong hands, community safety is improved, and costs to the nation's criminal justice system are reduced.

Although important strides have been made toward preventing the illegal diversion of firearms from retail dealers, much more can be achieved.

PART I

Manufacturers' Firearms Entering Into Commerce

In enforcing the GCA, NFA, and firearms and ammunition excise tax provisions of the Internal Revenue Code, ATF collects information on the manufacture, importation and exportation of firearms. This section presents data on manufacturers' reported sales, along with reported exports and imports, to show the flow of new firearms to the domestic market over time. It also includes data for producer prices for firearms which are the best available price data and suggestive of the prices paid by consumers.

Manufacturers' Sales, Exports and Imports

Firearms manufacturers and importers are required by law to maintain records of the production, export, and import of firearms. Manufacturers' reports to ATF show the number of manufactured firearms "disposed of in commerce" each calendar year, as well as the number produced for export.[2] The term "disposed of in commerce" refers to manufacturers' final sales, which equal production of firearms less the increase in manufacturers' inventories of firearms. Data from these reports are available by specific types of firearms and are reported in Appendix A. The manufacturers' reports exclude production for the U.S. military, but include firearms purchased by domestic law enforcement agencies. The annual volume of firearms imports by year is compiled by ATF and the Bureau of the Census from U.S. Customs data.[3]

Secondhand firearms and other data limitations

Care must be taken in interpreting these data: The data from the manufacturers' reports do not represent retail sales to the civilian market. Rather, they represent firearms produced by manufacturers for distribution, and include production for law enforcement uses as well as for civilians. Retail sales differ from the manufacturers' net sales shown in the figures, because retail sales do not include firearms accumulated in wholesaler and retailer inventories or sales to law enforcement agencies.[4] Further, the data represent sales of *new* firearms and say nothing about trade in secondhand firearms. A recent survey suggests that trade in secondhand firearms runs at about two million per year.[5] These firearms may be sold in the primary or secondary market.[6] Although the data are subject to limitations, some broad inferences can be drawn.

---

[2] The forms used by manufacturers to report "dispositions" and exports can be found in Appendix B.

[3] See Appendix Tables A.1.1-A.1.4 for data on the number of domestically manufactured firearms, exports and imports. Import data were compiled by ATF by fiscal year prior to 1992, and by calendar year after 1992.

[4] The data reported here also raise measurement concerns. The data from the manufacturers' reports are compiled without follow-up verification or cross checks so errors that occur in the filing of the reports result directly in errors in the data. The measurement of exports is not exact because firearms licensees other than manufacturers also export firearms. Finally, ATF began collecting the data from manufacturers in 1972; data prior to that were collected through alternative sources and are not exactly comparable.

[5] *Guns in America, Results of a Comprehensive National Survey on Firearms Ownership and Use*, Philip J. Cook and Jens Ludwig, Police Foundation, 1996.

[6] The primary market denotes sales occuring through FFLs. The secondary market denotes transactions through unlicensed sellers.

U.S. as net importer

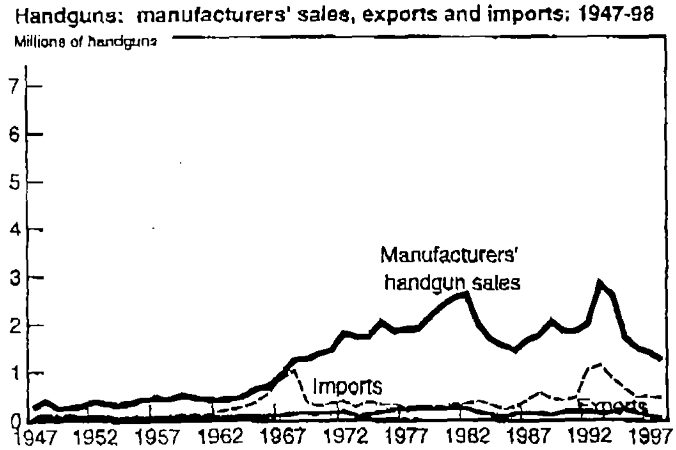
Figure 1 shows the reported number of small arms firearms (handguns, rifles and shotguns) sold by manufacturers along with reported exports and imports from 1947 to 1998.[7]

Figure 1.
Small arms: manufacturers' sales, exports and imports: 1947-98

Source: Bureau of Alcohol, Tobacco and Firearms; Bureau of the Census

Figure 2 shows reported handgun sales, exports and imports over the same period. In both figures, imports generally have exceeded exports – that is, the U.S. is a net importer of small arms. From 1990 to 1999, the data suggest that net imports of rifles, shotguns and handguns combined averaged as much as 1 million per year, with handguns accounting for about half that amount.[8]

Figure 2.
Handguns: manufacturers' sales, exports and imports: 1947-98

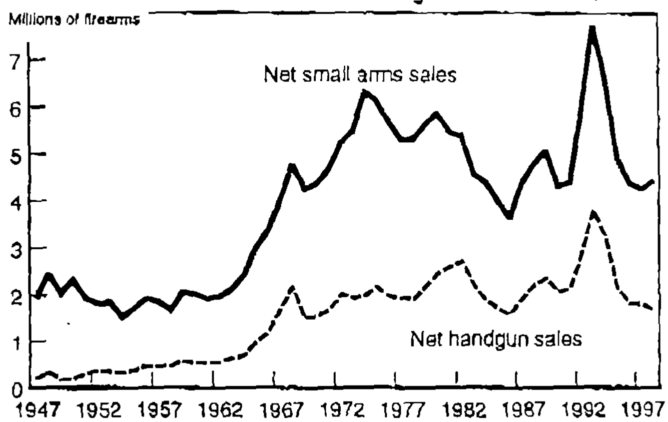


Source: Bureau of Alcohol, Tobacco and Firearms; Bureau of the Census

Net domestic sales

Figure 3 presents *net* domestic sales for total small arms and for the subcategory of handguns – with net domestic sales defined as manufacturers' sales minus exports plus imports. Annual firearms sales in the United States have trended up over the past 50 years, surging in the early 1990s to a peak in 1993 of nearly 8 million small arms, of which 4 million were handguns. In recent years, sales have fallen back to about half that peak level — nearly 4-1/2 million annually — roughly the same level as in the mid- to late-1980s. As noted earlier, these sales are for new firearms.

Figure 3.
Net domestic small arms and handgun sales: 1947-98



Source: Bureau of Alcohol, Tobacco and Firearms; Bureau of the Census

Figure 3 shows that a significant part of the increase in overall firearms sales in the period from 1990 to 1993 can be attributed to an increase in handgun sales. The surge in sales may have resulted from efforts to purchase firearms, particularly handguns, prior to enactment of the Brady Act. Another possible factor is public perceptions of higher crime; both the

[7] As used in this discussion, the term "small arms" refers to handguns, rifles and shotguns, but excludes machine guns and other weapons that are often classified as small arms. Import data used for Figures 1, 2 and 3 have been adjusted for 1992 and earlier years to approximate calendar year values.

[8] ATF's National Tracing Center data show that for fiscal years 1998 and 1999, 12.9 percent of traced crime guns were of foreign manufacture.

violent crime rate and the firearm homicide rate peaked in the early 1990s.

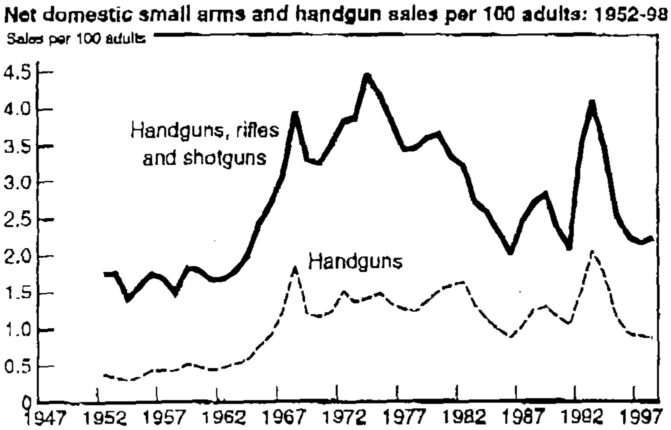
A survey conducted in 1994 showed that the total number of firearms in private hands today is approximately 200 million.[9] This finding is consistent with the data on the flow of new guns described above, recognizing that firearms have a long life.

Population growth and firearms sales

To examine the role of population growth in the upward trend in firearms sales, Figure 4 presents net sales per 100 adult residents of the United States. Because the adult population has increased dramatically over the past 50

Figure 4.

Net domestic small arms and handgun sales per 100 adults: 1952-98



Source: Bureau of Alcohol, Tobacco and Firearms; Bureau of Labor Statistics; Bureau of the Census

The adult population is defined as the noninstitutional civilian population over 17 plus the resident military population. Detailed population data are only available beginning in 1952.

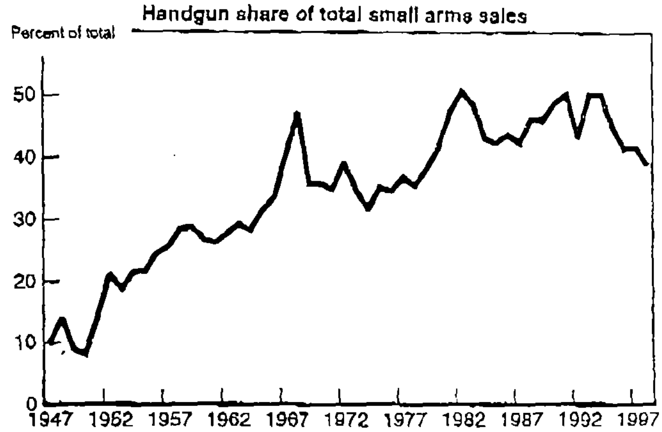
years, the long-term upward trend in sales shown in Figure 3 is significantly muted in Figure 4. Still, sales per adult are higher today than in the 1950s and early 1960s. Indeed, sales of handguns per adult are now roughly twice the level of forty years ago. The temporary spike in the sales of handguns and other small arms in the early 1990s is as evident in Figure 4 as in Figure 3.

Handgun share of firearms sales

The relative mix of sales between long guns and handguns has changed significantly over time, with handguns accounting for a growing share of total sales (Figure 5). The handgun share trended up steadily from the late 1940s, when

Figure 5.

Handgun share of total small arms sales



Source: Bureau of Alcohol, Tobacco and Firearms; Bureau of the Census

handguns accounted for about 1 out of every 10 small arms sold, to the early 1990s, when handguns accounted for roughly half of the sales of small arms. The handgun share has slipped back slightly in recent years, to about 40 percent of small arms sales. Handguns are of particular interest because they are the weapon of preference in the commission of gun crimes and two-thirds of all homicides in the United States are committed using handguns.[10]

---

[9] *Guns in America.*

[10] Centers for Disease Control.

The Size of the U.S. Firearms Industry

The Census of Manufacturers for 1997 from the Bureau of the Census shows that there were 191 small arms manufacturing companies with combined total product shipments valued at about $1.2 billion. Employment in small arms manufacturing was 9,907 employees with a total payroll of roughly $320 million. Small arms production was concentrated in Connecticut (11 establishments with $227 million in shipments, about 19 percent of the U.S. total) and Massachusetts (5 establishments with $135 million in shipments, about 11 percent of the U.S. total). By type of product, pistols and revolvers accounted for about $289 million in shipments; rifles, $373 million in shipments; and single-barreled shotguns, $155 million in shipments. A related industry – small arms ammunition – had product shipments valued at $859 million and employment of 6,863.[11]

The Value of New Firearms Sales Implied by Excise Tax Collections

Information on the value of new firearms sales also can be gleaned from the flow of excise tax revenue (see Appendix Table A.2.1). Excise taxes apply to all civilian sales of firearms as well as those for Federal law enforcement, but do not apply to sales to State and local law enforcement agencies or the U.S. military. It should also be noted that the reported excise tax collections include taxes imposed on the sale of some weapons (such as certain "black powder" guns) that are not classified as "firearms" under the GCA.

Based on excise tax rates of 10 percent for pistols and revolvers and 11 percent for other firearms, excise tax collections indicate a value of sales of roughly $1.045 billion for fiscal year 1996, with $386 million in handguns and $658 million in other firearms.[12] Peak excise tax collections occurred in fiscal year 1994. That fact, coupled with the surge in sales reported by manufacturers for calendar year 1993, suggests that a large volume of sales occurred in the overlapping period, the fourth quarter of 1993, which included the period leading up to implementation of the Brady Act.

Prices of Small Arms

Comprehensive price data for the industry do not exist. In particular, reliable data at the retail or consumer price level are not available.[13] However, as part of the Producer Price Index (PPI), the Bureau of Labor Statistics compiles prices for various firearms categories, including the general category of "small arms" and the more specific categories of "pistols and revolvers," "shotguns," and "rifles, centerfire".[14] The price data correspond roughly to the manufacturers' data reported above and represent prices at the manufacturer or wholesale level, not at the retail level.

[11] By comparison, the Census of Manufacturers shows that other industries under ATF's purview are much larger than the firearms industry. In 1997, cigarette manufacturers had product shipments valued at $28.3 billion and distilleries, wineries and breweries together accounted for $27.7 billion in product shipments.

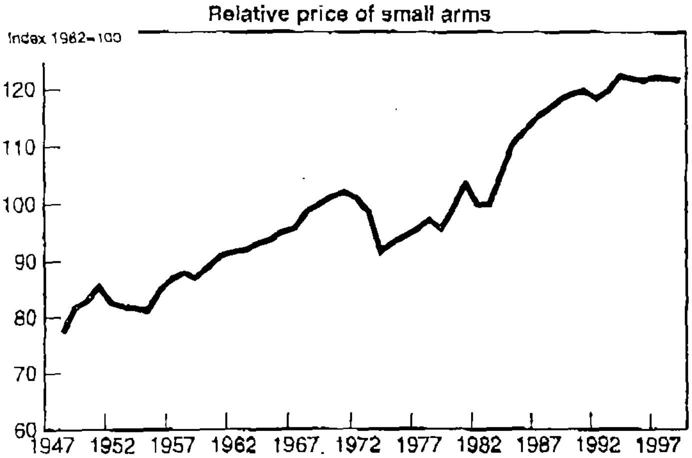
[12] The implied total value of sales from the excise tax data is roughly consistent with the value of shipments from the Census data.

[13] While some private industry sources of price data exist, such as gun catalogues, these sources reflect suggested retail prices that do not necessarily represent actual transaction prices.

[14] See Appendix Table A.3 for PPI data.

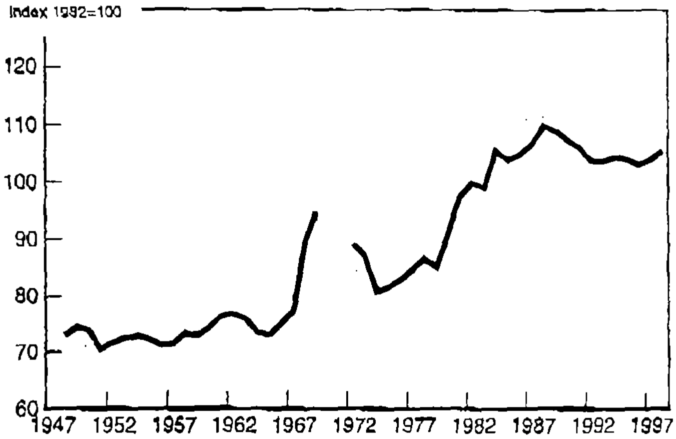
Figure 6 shows the PPI for small arms relative to the PPI for finished consumer goods excluding food and energy, for the period 1948 to 1998.[15] The upward trend shows that, for most of the period, the price of small arms increased faster than the price of finished consumer goods. The relative price leveled off in the late 1990s, showing that small arms prices recently have increased at about the same rate as prices for other finished consumer goods. Figure 7 shows the relative price for pistols and revolvers, a subcategory of small arms. After a temporary surge in the late-1960s, producer prices for pistols and revolvers increased relative to other finished consumer goods from the mid-1970s to the mid-1980s. During the late-1980s and early 1990s, however, prices for pistols and revolvers rose slightly less than those for other consumer goods, before flattening out in recent years.

Figure 6.
Relative price of small arms



Source: Bureau of Labor Statistics

Figure 7.
Relative price of pistols and revolvers



Source: Bureau of Labor Statistics
Data for 1970 and 1971 are not available.

[15] The PPI for consumer goods excluding food and energy is available beginning in 1974. The series was extended historically by using the rates of change of the PPI for consumer goods excluding food prior to 1974.

PART II

Important Developments in Regulatory Enforcement of the Federal Firearms Laws

Part II discusses changes in the Federal firearms licensee population resulting from reforms in the Federal firearms licensing law; new methods of keeping guns out of the hands of criminals and others not legally entitled to possess them; and how these two developments have strengthened ATF's Federal firearms licensee inspection program.

Recent Changes in the Licensing of Federal Firearms Dealers

The Gun Control Act of 1968 established the first comprehensive Federal licensing system for importers, manufacturers and dealers in firearms to the retail level. That system requires licensees to maintain detailed records on transactions in firearms, and subjects their business premises to inspection by ATF. From 1968 until 1993, it was a very simple process to obtain a Federal firearms license. The annual fee was only $10 for a license that authorized the person to ship, transport and receive firearms in interstate commerce and engage in retail sales. The statute required ATF to issue a license within 45 days to anyone who was 21 years old, had premises from which they intended to conduct business and who otherwise was not prohibited from possessing firearms. The statute was designed to limit the discretion of ATF in denying licenses. Over time the numbers of licensees began to swell until 1992 when the numbers reached over 284,000.

The salient feature of a license that makes it desirable is that it enables the holder to purchase firearms in interstate commerce from other licensees. Consequently, even if a person had no plans to engage in a full-fledged retail business, the license was useful because license holders could purchase firearms out of State and sometimes at wholesale prices for themselves, friends or others. With the system cluttered with vast numbers of individuals who had no business, it was increasingly difficult for ATF to police the system. While many simply had a license they didn't need or use, others used this relatively anonymous process to obtain a license that was used to purchase large quantities of firearms that were then sold without any records and the licensee would disappear. By 1993, it was clear the process had to be revisited. In 1993, Congress increased the license application fee to $200 for three years. Again, in 1994, Congress imposed requirements that applicants submit photographs and fingerprints to better enable ATF to identify applicants and new criteria that ensures that the business to be conducted would comply with all applicable State and local laws.

Licensed and Unlicensed Firearms Sellers

ATF enforces the licensing provisions of the GCA, which regulate the interstate movement of firearms. Persons engaged in the business of manufacturing, importing or dealing in firearms must obtain a license from the Secretary of the Treasury. The license entitles the holder to ship, transport and receive unlimited quantities of firearms in interstate or foreign commerce.

Federal law does not require all sellers of guns to obtain a Federal firearms license. In fact, the GCA specifically provides that a person who makes "occasional sales, exchanges, or purchases of firearms for the enhancement of a personal collection or for a hobby, or who sells all or part of his personal collection of firearms" is *not* required to obtain a firearms license.[16] Non-licensed sellers are prohibited from knowingly selling a firearm to a person prohibited by law from possessing a firearm.[17] However, they are not required to conduct Brady background checks, or maintain records that permit the firearm to be traced if it is recovered by law enforcement officials in connection with a crime.

Both licensed and unlicensed gun sellers may be sources of guns for felons, unauthorized juveniles and other prohibited persons, and may be the subjects of ATF criminal investigations involving firearms trafficking.[18] ATF has regulatory oversight over licensed dealers who are required to keep records of transfers and are subject to ATF inspection. There is no such oversight over unlicensed sellers. An FFL must maintain records of all acquisitions and dispositions of firearms and comply with applicable State and local laws in transferring firearms. Any unlicensed person who acquires a firearm from an FFL must complete an ATF Form 4473, Firearms Transaction Record, which includes questions about whether the purchaser falls into any of the GCA's categories of prohibited persons. An FFL must initiate a criminal background check under the Brady Act prior to transferring a firearm to an unlicensed purchaser. FFLs are subject to certain reporting requirements regarding stolen firearms and multiple sales of handguns.[19] Finally, FFLs must respond to requests within 24 hours from ATF for information to assist in tracing a crime gun. Unlicensed sellers have no such requirements.

ATF receives and examines applications for Federal firearms licenses at its National Licensing Center (NLC), where it runs criminal records checks and reviews documents for problems that are apparent on the face of the application, which it seeks to resolve before referring the license application to the relevant field office. Area supervisors in the field offices review all new license applications. ATF conducts full field inspections of all new manufacturer, importer, and pawnbroker applicants. In addition, full field inspections are conducted of other new applicants based on such factors as the applicant's proximity to high crime areas, State lines, or areas involved in illegal trafficking of firearms (either as a source or a recipient), and the applicability of zoning and other local ordinances. In processing license applications, ATF's objectives are to exclude unqualified applicants and to educate new licensees in their legal obligations for operating a firearms business. Where possible, ATF conducts a face-to-face interview with new applicants, except those who apply for a collector's license.[20]

[16] See 18 U.S.C. § 921(a)(21)(C).

[17] Persons prohibited under the Gun Control Act of 1968 from possessing firearms include persons who have been convicted of a crime punishable by imprisonment for a term exceeding one year; fugitives from justice; persons who are unlawful users of, or addicted to any controlled substance; persons who have been adjudicated as mental defectives or have been committed to a mental institution; illegal aliens, or aliens who were admitted to the United States under a nonimmigrant visa; persons who have been dishonorably discharged from the Armed Forces; persons who have renounced their United States citizenship; persons subject to certain types of restraining orders; and persons who have been convicted of a misdemeanor crime of domestic violence. The GCA also prohibits anyone under a felony indictment from receiving, transporting or shipping firearms. Further, the GCA generally bans the possession of handguns by any person under 18.

[18] *Youth Crime Gun Interdiction Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999; and *Gun Shows: Brady Checks and Crime Gun Traces*, The Department of the Treasury and Department of Justice, January 1999.

[19] An FFL is required to report to ATF the theft or loss of a firearm from the FFL's inventory or collection within 48 hours of discovering the theft or loss. The FFL also must report the theft or loss to the appropriate local authorities. 18 U.S.C. § 923(g)(6). The licensee shall report the theft or loss to ATF by telephoning a nationwide toll free number and by completing ATF Form 3310.11, Federal Firearms Licensee Theft/Loss Report. 27 C.F.R. § 178 .39a. An FFL must file a multiple sales report (MSR) whenever the licensee sells two or more handguns to a single purchaser within five consecutive business days.

[20] A Type 03 Collector license allows the holder to receive, ship and sell in interstate commerce only firearms classified as "curios and relics" under the Gun Control Act. See Appendix B, describing the different categories of Federal firearms licenses under the GCA.

The GCA places an affirmative obligation on the Secretary to issue a Federal firearms license to any applicant who pays the required fee and meets the statutory criteria.

Changes in the Federal Firearms Licensing System

In 1993, the Administration and Congress focused on efforts to keep firearms out of the hands of criminals and regulate the illegal flow of guns. Noting that it was often easier to acquire a gun dealer license than a driver's license, the President directed a review of gun dealer licensing in August 1993, aimed at ensuring that only those engaged in a legitimate firearms business are licensed. At that time, ATF estimated that 46 percent of licensed dealers conducted no business at all, but used their licenses to buy and sell firearms across State lines at wholesale prices, often in violation of State and local zoning or tax laws.

In modifying the Federal firearms licensing system in 1993 and 1994, Congress added more safeguards to ensure that only legitimate gun dealers obtained Federal licenses. The 1993 Brady Act increased the dealer licensing fee from $10 per year to $200 for the first three years and $90 for each additional three-year period. The Brady Act also requires license applicants to certify that they informed their Chief Law Enforcement Officer (CLEO) of the locality in which their premises will be located of their intent to apply for a license. Subsequently, under the Violent Crime Control and Law Enforcement Act of 1994 (Crime Act), licensees were required to submit photographs and fingerprints as part of their application, and to certify that their firearms business complied with all State and local laws, including zoning regulations.

Following these changes, the NLC reviewed the eligibility of the entire licensee population over a three-year period. As licensees applied for renewal of licenses, they were required to submit complete new application packages with photographs, fingerprints and information about the proposed business. The majority of these renewal applications, as well as new applications, were sent to field offices where inspectors contacted the applicants. Beginning in 1993, ATF field offices established partnerships with State and local licensing and zoning authorities to disqualify the licensees who were operating in violation of State or local law and to ensure that applicants had notified local CLEOs of their intent to enter the gun business.

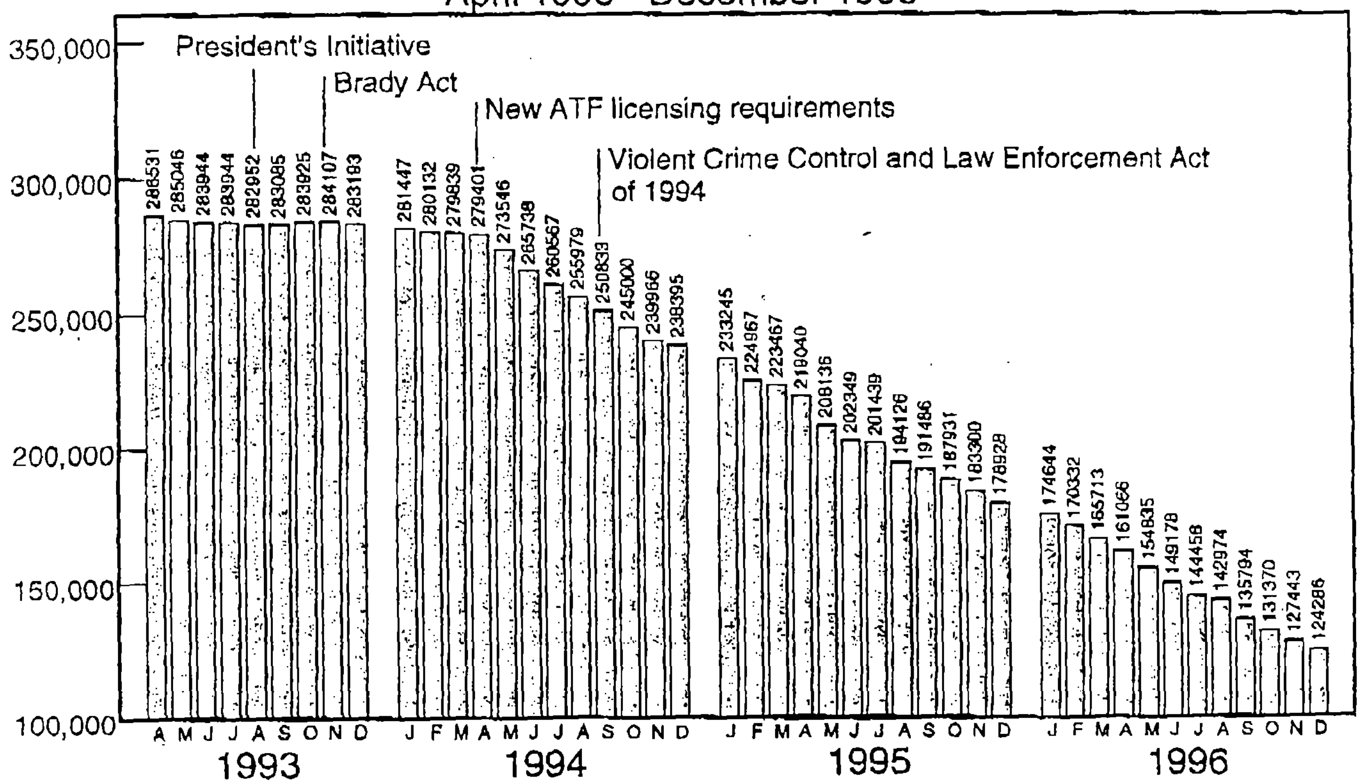
Impact of Licensing Reforms on the Size of the Licensee Population

The 1993 and 1994 licensing reforms resulted in a substantial decrease in the FFL population. The total number of licensees dropped from 284,117 in 1992 to 107,554 in 1997, when the three-year cycle of re-licensing under the new laws was completed. The initial decline was 49 percent or more for all 50 States.[21] Figure 8 shows the decline in the number of licensees, flagging the dates of executive and Congressional actions.

Figure 8.

Number of Federal Firearms Licenses by Year

April 1993 - December 1996



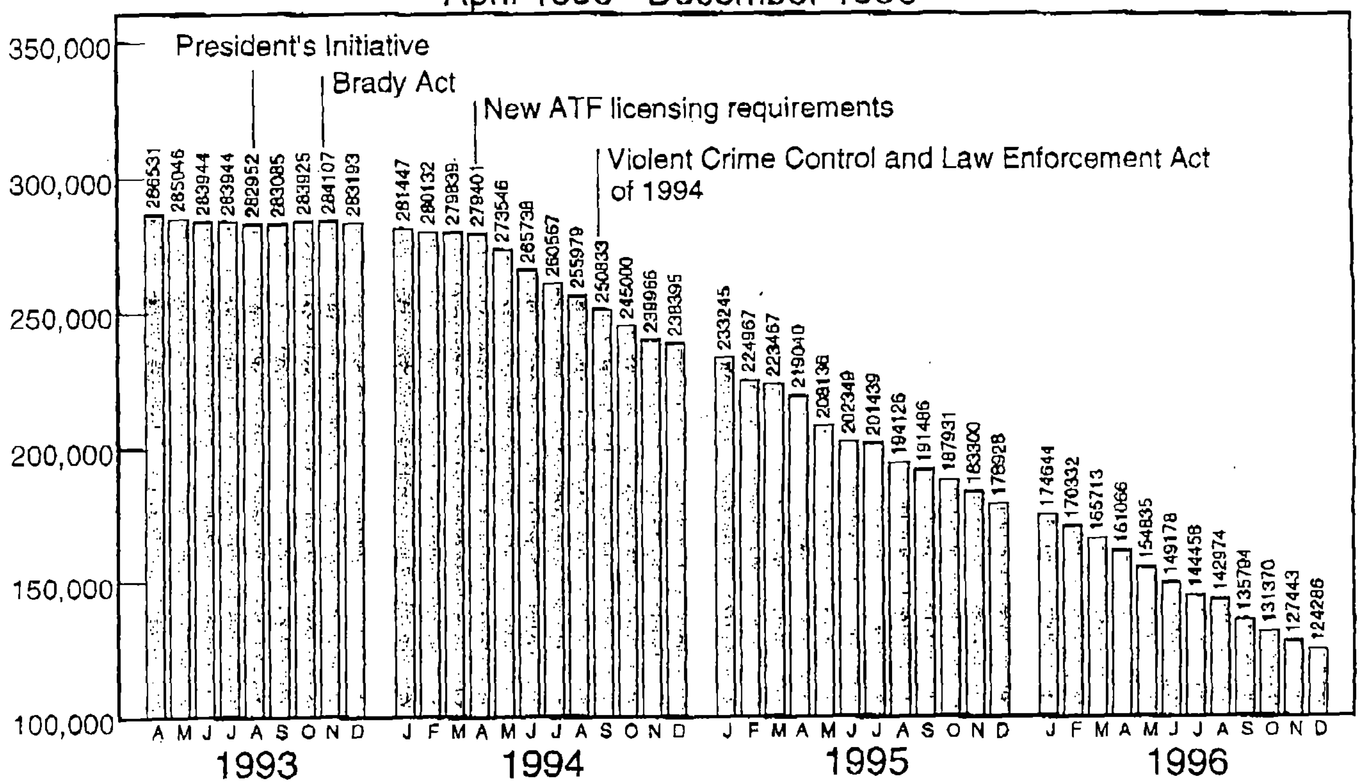
Source: Bureau of Alcohol, Tobacco and Firearms

[21] See *A Progress Report: Gun Dealer Licensing & Illegal Gun Trafficking*, Department of the Treasury, 1997.

Impact of Licensing Reforms on the Size of the Licensee Population

The 1993 and 1994 licensing reforms resulted in a substantial decrease in the FFL population. The total number of licensees dropped from 284,117 in 1992 to 107,554 in 1997, when the three-year cycle of re-licensing under the new laws was completed. The initial decline was 49 percent or more for all 50 States.[21] Figure 8 shows the decline in the number of licensees, flagging the dates of executive and Congressional actions.

Figure 8.
Number of Federal Firearms Licenses by Year
April 1993 - December 1996



Source: Bureau of Alcohol, Tobacco and Firearms

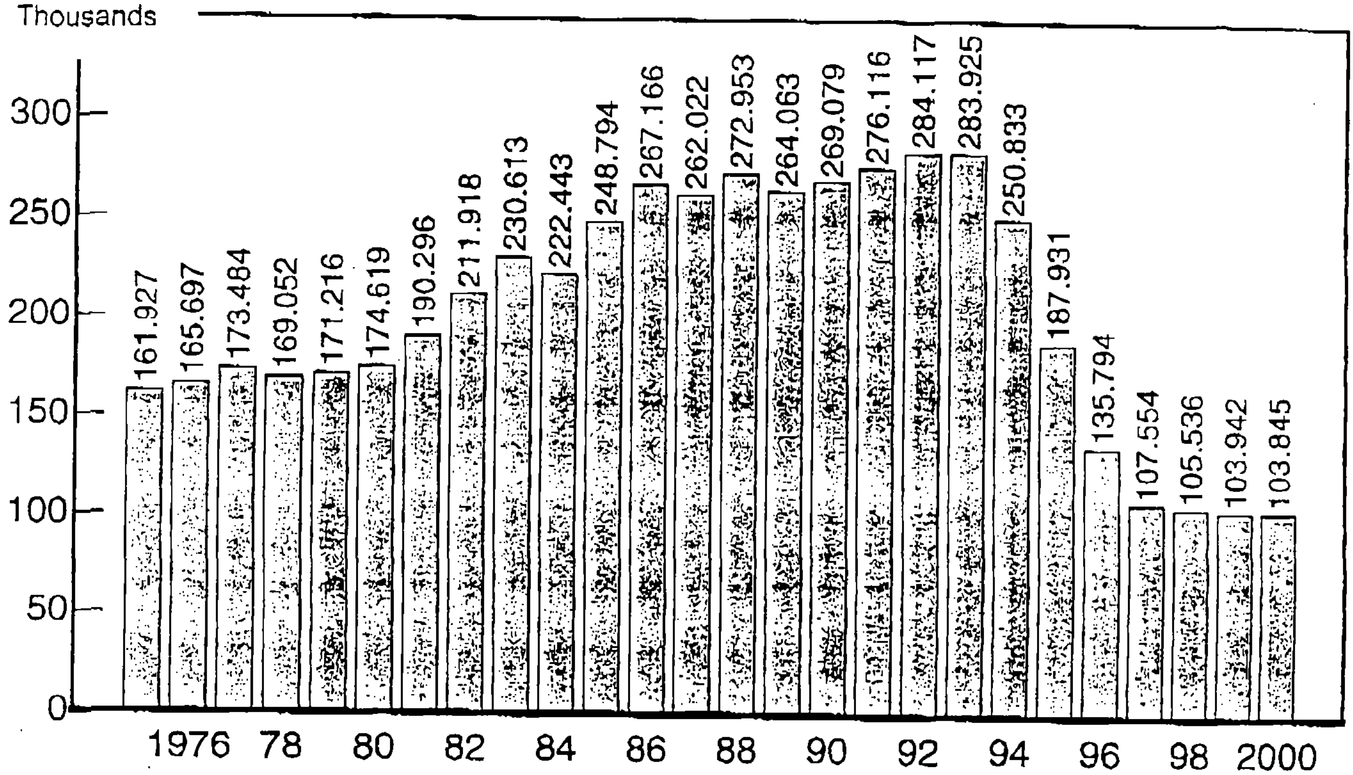
[21] See *A Progress Report: Gun Dealer Licensing & Illegal Gun Trafficking*, Department of the Treasury, 1997.

Since 1977, the licensee population has continued a slow decrease. As shown by Figure 9, as of December 1, 1999, there were a total of 103,845 FFLs, the lowest number of licensees since 1969.

The licensee population began to decline after ATF instituted more rigorous scrutiny of applications and the license fee was increased from $30 to $200 for a three-year license in 1993. By November 1994, the number of licensees had dropped to 240,000, an average monthly decrease of 3,600 licensees.

A number of licensees appear to have dropped out because of non-compliance with State and local ordinances. This is consistent with ATF's 1993 finding that while 35 percent of dealers

Figure 9.
Federal Firearms Licensee FFL Population FY 1975 - FY 2000*



*Figures as of December 1, 1999
Source: Bureau of Alcohol, Tobacco and Firearms

were required to have a State or local firearms license, only about 60 percent of these were complying with the requirement.[22] Within a year of the Crime Act's passage, which required that licensees certify compliance with all applicable State and local ordinances, license holders declined, at an average monthly drop of 5,000, to approximately 191,000. The ATF-local law enforcement partnerships established to enforce this requirement brought about significant declines in many cities, as is illustrated in Table 10.

Table 10
CHANGE IN LICENSEE POPULATION IN SELECTED CITIES

CITY	Year	Number	Year	Number	Percent Change
Baltimore, MD	1993	114	1996	62	- 46
Berkeley, CA	1993	34	1996	2	- 94
Boston, MA	1994	119	1996	36	- 70
Denver, CO	1/1994	372	7/1994	139	- 63
Detroit, MI	1992	468	1996	92	- 80
Los Angeles, CA	1993	4436	1996	2247	- 49
Louisville, KY	1993	450	1996	165	- 63
New Orleans, LA	1995	90	1996	39	- 57
New York, NY	1993	987	1996	259	- 74
Pueblo, CO	1993	109	1996	44	- 60
San Antonio, TX	1994	1108	1996	528	- 52
San Francisco, CA	1993	155	1996	10	- 94
Washington, D.C.	1993	55	1997	11	- 80

Source: Bureau of Alcohol, Tobacco and Firearms

Impact of the Licensing Reforms on the Characteristics of the Licensee Population

Table 11 shows the composition of the licensee population, as of October 1999.

Table 11

Type of Licensee	Number	Percent
Firearms manufacturers	1,639	2
Ammunition manufacturers	2,247	2
Retail gun dealers	71,290	69
Pawnbrokers	10,035	10
Collectors of Curios and Relics	7,763	17
Importers and Others	968	<1

Source: Bureau of Alcohol, Tobacco and Firearms

In 1998, ATF conducted an inspecting program, "Snapshot",[23] which involved inspecting a random sample of retail dealers and pawnbrokers. This initiative disclosed that 44 percent of dealers operated out of commercial premises and 56 percent out of residential premises (down from 74 percent in 1992). Twenty-five percent of the 44 percent in commercial premises were gunshops or other shops whose primary business was sporting goods, hardware and the like. The remainder were located in businesses such as funeral homes and auto parts stores, and other businesses not normally associated with a gun business. About 68 percent of the residential dealers were located

[22] See *Operation Snapshot: An Analysis of the Retail Regulated Firearms Industry,* Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, 1993 ("*Snapshot 1993*").

[23] See *Operation Snapshot: An Analysis of the Retail Regulated Firearms Industry,* Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, 2000 ("*Snapshot 2000*"). Snapshot is a survey conducted by ATF of a randomly selected sample of the retail dealer population, conducted for the first time in 1992 (retail dealers only), and conducted again in 1998 (retail dealers and pawnbrokers). Snapshot is able to identify characteristics of the licensee population with a precision rate of plus/minus five percent and a confidence level of 95 percent. Thus, if Snapshot indicates that 26 percent of dealers operate from a commercial location, the true percentage rate of dealers having commercial premises is somewhere between 21 percent and 31 percent of the entire population.

in rural areas in 1998. At that time, about 36 percent of pawnbrokers and about 15 percent of other retail dealers were located in urban areas. Finally, about 5 percent of the total dealer population were gunsmiths.

Benefits Associated with the Licensing Reforms

The sharp decline in the number of licensees produced some important benefits. First, because of the reduction in the number of dealers, ATF has been able to focus its inspection efforts on viable dealers. ATF currently has just over 440 field inspectors. They perform regulatory compliance work relating to each of the industries regulated by ATF, including alcohol, tobacco and explosives, as well as firearms. The percentage of full time equivalent (FTE) staff positions (measured in annual hours) allocated to the firearms program gradually increased from 30 percent in 1991 to a high of 58 percent in 1996. In 1997 and 1998, the allocation dropped to 46 percent because inspectors were redirected to ATF's explosives program following the 1995 Oklahoma City bombing. For FY 1998, approximately 200 FTE inspector positions were dedicated to firearms field inspections. Other inspectors operate the NLC and support firearms programs in a variety of ways. The size of the inspection workforce has not changed significantly since ATF was established as a bureau of the Department of the Treasury in 1972. The number of licensees, on the other hand, grew from about 161,000 in 1975, to about 284,117 in 1992. The reduction of licensees to closer to 100,000 will enable ATF to inspect a higher proportion of licensees.

In addition, the licensing reforms have reduced the number of dealers that cannot be located immediately during a crime gun trace because they have moved their residence, or that are otherwise non-compliant with recordkeeping requirements. On the other hand, these steps have had no noticeable effect on law-abiding citizens' access to firearms. There are still many licensed dealers, about one for every 2,487 adults in the United States. Moreover, as shown in the first section of this report, the number of new guns purchased in the last several years is fairly close to the average level of gun sales in the 1980's.

Issues Concerning the Licensee Population

There remain, however, a significant number of federally licensed dealers that are not active dealers. As stated above, in 1992, 46 percent of the licensees had not sold a gun in the previous year.[24] Although by 1998, this figure had dropped to 31 percent, it is still troubling.[25] The law provides that only persons who engage in the business of dealing in firearms within a reasonable period of time after obtaining a license may be licensed as firearms dealers.

[24] *Snapshot* 1993.

[25] *Snapshot* 2000.

NEW METHODS OF KEEPING FIREARMS OUT OF THE HANDS OF CRIMINALS AND OTHERS NOT LEGALLY ENTITLED TO POSSESS THEM

Over the past five years, ATF's ability to deny illegal access to firearms by felons, unauthorized juveniles and other persons prohibited from possessing them has significantly increased. Two developments in the regulation of firearms commerce have brought law enforcement and the firearms industry into a new era in reducing illegal access to guns. First, the Brady Act prevents prohibited persons from buying guns from licensed firearms dealers. Second, ATF's focus on trafficking enforcement helps prevent prohibited persons from obtaining firearms in the illegal market. ATF's trafficking strategy rests on a number of important sources of information, principally crime gun tracing, but also requires reporting by Federal firearms licensees of multiple sales of handguns and lost or stolen guns and traditional criminal investigative techniques, such as debriefing arrestees, confidential informants and undercover operations.

Both Brady and the intensive focus on trafficking are relatively new, and are already providing significant benefits to law enforcement. This report focuses primarily on the evolution of the tracing system and the use of trafficking indicators to focus ATF inspections on those licensed retail gun dealers that are the source of firearms used and possessed by felons, juveniles and others barred by law from possessing a firearm. It is, however, important to understand how these two tools in combination affect criminal access to guns and, therefore, a brief description of the Brady Act is useful.

The Brady Act

The Brady Act for the first time empowered FFLs and law enforcement to combat the practice of "lying and buying." Although the GCA made it illegal for felons and other prohibited persons to possess or acquire firearms, FFLs had no way to know whether a customer was lying about his background in order to get a gun. The Brady Act changed this by requiring that FFLs check with law enforcement officials before transferring a firearm to an unlicensed individual. In this way, the Brady Act eliminated the "honor system" in firearms purchases, requiring verification of statements made by prospective purchasers that they are legally entitled to obtain a firearm.

From its effective date on February 28, 1994, through November 29, 1998, the Brady Act required background checks for handgun purchases only. These background checks were done by individual State or local Chief Law Enforcement Officials, usually the local sheriff's office or police department.[26] On November 30, 1998, the permanent provisions of the Brady Act went into effect. Under the provisions, the Brady Act applies to all firearms — long guns as well as handguns — transferred by an FFL to an unlicensed individual. With the creation of the FBI's National Instant Criminal Background Check System (NICS), a computerized background check is now conducted to determine if a would-be gun buyer is legally permitted to acquire a gun. Depending on the individual State, FFLs may contact NICS directly, or through their State point of contact. In its first year of operation, NICS and State points of contact processed more than 10 million background checks in connection with firearms transfers. NICS denied firearms to more than 89,836 felons, fugitives and other prohibited persons, while State points of contact denied at least as many transfers.[27]

[26] For a report on the first phase of the Brady Act implementation, see *Presale Handgun Checks, the Brady Interim Period, 1994-98*, Department of Justice, Bureau of Justice Statistics, June 1999. Although the Supreme Court struck down part of interim Brady in Printz v. United States, 521 U.S. 898 (1997), finding that the background check requirement imposed on CLEOs unconstitutionally compelled State officers to execute Federal laws, most CLEOs continued to voluntarily do background checks.

[27] For reports on Brady Act enforcement activity, see *Implementation of the Brady Law*, The Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, September 1999; and the *National Instant Criminal Background Check System (NICS): The First Seven Months (November 30, 1998-June 30, 1999)*, Department of Justice, Federal Bureau of Investigation.

The Illegal Market in Firearms

Buyers denied firearms through Brady background checks, however, can still seek to obtain firearms illegally from unlicensed sellers or corrupt licensed gun dealers. Since licensed dealers have access to a large supply of firearms, they represent a significant trafficking threat if they violate the law. Prohibited persons may also obtain firearms from licensed dealers by using a "straw purchaser."[28] They can get guns illegally from unlicensed sellers, including traffickers who specifically seek to sell to criminals and unauthorized juveniles, and other individuals selling guns through advertising or on the streets. Unlicensed sellers do not have the same obligations as licensed firearms dealers to perform Brady checks and maintain records available for examination by ATF and other law enforcement agencies. Prohibited persons can also steal guns for their own use, from licensed or unlicensed sellers or from the residences of gun owners. Numerous ATF trafficking investigations involving licensed and unlicensed sellers and gun shows, show that illegally trafficked firearms end up as crime guns.[29]

One available strategy to reduce access to prohibited persons is to focus on illegal sellers, in order to reduce the supply of firearms available to illegal buyers who are denied access to firearms by Brady checks. Until recently, however, there were few methods of identifying the sources of firearms to criminals, and this enforcement strategy was not widely used. This has changed with the rise of crime gun tracing. Crime gun trace information identifies the sources of guns used in crime and recovered by police and other law enforcement agencies. Analysis of crime gun traces can reveal, in combination with other investigative techniques, both FFLs and non-FFLs actively engaged in illegally transferring firearms to prohibited persons. This information provides the basis for an anti-trafficking enforcement strategy, including both regulatory and criminal enforcement.

Crime Gun Tracing

Tracing is the systematic tracking of the movement of a firearm recovered by law enforcement officials from its first sale by the manufacturer or importer through the distribution chain (wholesaler/retailer) to the first retail purchaser. Crime gun trace information is used for three purposes: (1) to link a suspect to a firearm in a criminal investigation; (2) to identify potential traffickers, whether licensed or unlicensed sellers; and, (3) when sufficiently comprehensive tracing is undertaken by a given community, to detect in-state and interstate patterns in the sources and kinds of crime guns.

The crime gun tracing process

A crime gun trace begins when a law enforcement official recovers a firearm, usually from a crime scene or from the possession of a suspect, felon or other prohibited person, and the law enforcement agency having jurisdiction of the case submits a trace request to ATF's National Tracing Center (NTC). Although the NTC traces recovered crime guns for local, State, Federal and international law enforcement agencies, most traces are performed for local law enforcement agencies. The trace request contains information pertaining to the identification of the firearm;[30] the individual possessing or associated with the firearm, if known; recovery location; and the offense that brought the crime gun to the attention of law enforcement authorities.

[28] A "straw purchase" occurs when the actual buyer of a firearm uses another person, the "straw purchaser," to execute the paperwork necessary to purchase a firearm from an FFL. The "straw purchaser" violates the GCA by making a false statement with respect to information required to be kept in the FFL's records.

[29] *Youth Crime Gun Interdiction Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999; and *Gun Shows: Brady Checks and Crime Gun Traces*, The Department of the Treasury and Department of Justice, January 1999.

[30] A trace request identifies the firearm by serial number, firearm type, manufacturer or importer and caliber.

This data is entered into ATF's automated Firearms Tracing System (FTS) at the NTC. The NTC then conducts a trace by first checking the records of out-of-business FFLs, which are preserved separately on microfiche and accessed through an auxiliary indexing system of firearm serial numbers, and by checking multiple sales records. If these steps do not identify the first retail transaction, the NTC contacts the manufacturer or importer, and tracks the recovered crime gun through the distribution chain (wholesaler and retailer) to the retail dealer, requesting the dealer to examine his records to determine the identity of the first retail purchaser. While manufacturers and others in the distribution chain are aware of traces about which they are contacted, they are not currently informed about traces resolved by searches of the out-of-business records or multiple sales report information.

Results are sent back to the trace requester and entered into the FTS, where they are accessible by NTC personnel. They are also entered in On-Line LEAD, a daily extract from the FTS that can be used to find repeat sellers and buyers of crime guns. In November 1999, ATF extended access to On-Line LEAD to all ATF field offices, where the system can also be used by Federal, State and local firearms task forces.

The average time it takes at present for the NTC to complete a trace to the first retail purchaser is 11.4 days It takes another one to three days for the trace information to be delivered by mail to the State or local agency requesting the trace. Urgent traces are handled in an expedited manner.

Access 2000: Electronic access to firearms industry records for tracing

In order to speed up and reduce the cost of tracing and to reduce its burden on the firearms industry, ATF has developed a computer program called Access 2000 for accessing manufacturer, wholesaler and importer information about firearms that are the subject of trace requests. ATF does not have access to individual purchaser information. Access 2000 allows ATF to trace firearms from manufacturers and importers 24 hours a day, 7 days a week, because the manufacturer, wholesaler or importer downloads sales records into a computer on its premises that ATF can immediately access. It saves the licensee money because it does not have to make employees available to do traces. Currently, five firearms licensees have adopted this voluntary system, which shortens the trace time by an average of five days.[31] Additional licensees are expected to participate.

The growth of the firearms tracing system

Until recently, law enforcement agencies did not routinely trace recovered firearms unless they needed the information to solve a particular crime. Beginning in 1993, pursuant to a Presidential directive to improve tracing of crime guns recovered by law enforcement and Federal-State efforts against illegal gun traffickers, ATF made a concerted effort to increase crime gun tracing and trafficking enforcement, and to demonstrate to State and local law enforcement agencies that crime gun trace information could supply valuable investigative and strategic information about illegal sources of firearms at the local level. The Department of Justice's Bureau of Justice Assistance also began to support training of State and local agencies in tracing firearms.

In 1994, Congress amended the GCA to require licensees to respond to ATF crime gun trace requests within 24 hours of being notified of the request. Previously, cooperation had been voluntary. In 1996, President Clinton directed ATF to strengthen crime gun tracing and enforcement efforts through the Youth Crime Gun Interdiction Initiative (YCGII), an enforcement program that includes commitments to trace all recovered crime guns in a particular jurisdiction and to provide standardized analysis of trace information for law enforcement. Seventeen cities participated in the first year and 38 cities are participating in FY 2000. Also, during

[31] The licensees using Access 2000 are: RSR Wholesale; H&R, 1871; Smith & Wesson; Davidson Wholesale; and Taurus International Firearms.

the past five years, foreign countries began to ask the NTC to trace firearms in significant numbers.

As a result of all of these efforts, the number of firearms traced has steadily increased. In 1993, there were approximately 55,000 trace requests; in 1999, there were over 200,000, including over 11,000 trace requests from foreign countries.

Trace Analysis and the Identification of Firearms Traffickers

By 1990, some ATF field offices were developing methods of analyzing trace information to detect patterns in the local supply of crime guns. ATF, the Boston Police Department and academic researchers worked together in Boston to analyze traces of all recovered crime guns, not only maximizing the number of investigative leads to illegal suppliers, but also enabling law enforcement officials to determine an overall picture of the kind and sources of crime guns in their jurisdiction.[32] The Boston tracing effort revealed that a surprising proportion of crime guns, especially those used by juveniles and youth, moved rapidly from a local retailer's shelf to recovery by law enforcement officials, an indicator of illegal trafficking known as short "time-to-crime."[33]

In 1997, the YCGII confirmed these basic findings for the 17 participating YCGII cities, concluding that firearms rapidly diverted from first retail sales at federally licensed gun dealers to an illegal market accounted for between 30 percent and 54 percent of the firearms that police recovered from youth ages 18 to 24 in those cities, and from 22 percent to 43 percent of firearms recovered from juveniles. YCGII trace analysis also found that in 15 of the 17 communities, the majority or single largest supply of crime guns successfully traced came from retail sources within the State. Jersey City, N.J. and Washington, D.C. were the exceptions.[34]

The systematic use of firearms tracing to identify licensees that are associated with diversion of firearms to the illegal market on a nationwide basis began with a joint Northeastern University-ATF study published in 1995. The study's goal was to develop potential crime gun trafficking indicators. This study concluded that a very small percentage of licensees were associated with a high volume of the total number of crime guns traced in 1994 to active dealers, and affirmed time-to-crime as a potential indicator of firearms trafficking.[35]

With substantially increased tracing by State and local law enforcement officials, as well as multiple sales and stolen gun reports, the trace information available to be analyzed in ATF's Firearms Tracing System eventually reached a sufficient level to strengthen significantly ATF's inspection program and to provide vital new support to ATF and State and local criminal investigations. ATF established the Crime Gun Analysis Branch (CGAB) in 1997 to support regulatory and criminal investigations of illegal trafficking activity and armed criminals, using

---

[32] The Boston anti-trafficking strategy was part of the Boston Gun Project's Operation Ceasefire, developed by David M. Kennedy and supported by the Department of Justice's National Institute of Justice. See David M. Kennedy et. al., *Youth Violence in Boston: Gun Markets, Serious Youth Offenders, and a Use-Reduction Strategy*, 59 Law and Contemp. Probs. 147, 169-180 (1996).

[33] Time-to-crime is the time between the initial retail sale of a firearm by an FFL and its recovery as a crime gun or as the subject of a trace request. Time-to-crime of three years or less is considered an important trafficking indicator because it suggests that the firearm was rapidly diverted to the illegal market. Since identifying information, such as the original purchaser's address, is more likely to still be accurate, short time-to-crime traces generally offer the most productive investigative leads.

[34] *Youth Crime Gun Interdiction Initiative, Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Market in 17 Communities*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, July 1997.

[35] Glenn L. Pierce, LeBaron Briggs, David A. Carlson, *The Identification of Patterns in Firearms Trafficking: Implications for Focused Enforcement Strategy*, Center for Criminal Justice Policy Research, College of Criminal Justice, Northeastern University, December 1995 (commissioned by ATF).

Table 12.

Sources of Firearms Trafficking Identified in ATF Illegal Trafficking Investigations Involving Youth and Juveniles

Note: Since firearms may be trafficked along multiple channels, an investigation may be included in more than one category.

Source	Number	%
Firearms trafficked by straw purchaser or straw purchasing ring	330	50.9%
Trafficking in firearms stolen from FFL	134	20.7%
Trafficking in firearms by unregulated private sellers*	92	14.2%
Trafficking in firearms stolen from residence	88	13.6%
Trafficking in firearms at gun shows, flea markets, auctions, or in want ads and gun magazines	64	9.9%
Firearms trafficked by licensed dealer, including pawnbroker	41	6.3%
Street criminals buying and selling guns from unknown sources	26	4.0%
Trafficking in firearms stolen from common carrier	16	2.5%
Other sources (e.g. selling guns over internet, illegal pawning)	9	1.4%

*as distinct from straw purchasers and other traffickers

Source: *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

analysis of crime gun traces, multiple sale and stolen gun reports and other information. In conjunction with Northeastern University, the CGAB began developing a series of trafficking indicators, including:

- multiple crime guns traced to an FFL or first retail purchaser;
- short time-to-crime for crime guns traced to an FFL or first retail purchaser;
- incomplete trace results, due to an unresponsive FFL or other causes;[36]
- significant or frequently reported firearms losses or thefts by an FFL;
- frequent multiple sales of handguns by an FFL or multiple purchases of firearms by a non-licensee, combined with crime gun traces;[37] and
- recovery of firearms with obliterated serial numbers.

New indicators continue to be developed by the CGAB and Northeastern University. For instance, the concentration of an FFL's crime gun traces in a particular geographic area in another State may be a useful indicator. While a trafficking problem can be suggested by these indicators, further information, which can be gathered through regulatory inspections and criminal investigations, is required to determine whether trafficking has actually occurred, what form it is taking and who is responsible.

Crime Gun Traces as Indicators of Illegal Trafficking

As stated above, crime gun traces do not necessarily indicate illegal activity by licensed dealers or their employees. Guns purchased from FFLs may have been unknowingly sold by the

[36] Trace results are incomplete when the firearm cannot be tracked from the manufacturer or importer to an individual retail purchaser. Multiple incomplete trace results are considered a trafficking indicator because they may indicate that (a) the firearm was stolen from interstate shipment (and thus never reached the retailer); (b) the receiving FFL is not telling the truth about not receiving the firearm; or (c) the shipping FFL is not telling the truth about who the FFL shipped the firearm to.

[37] ATF experience has shown that multiple sales or purchases are a significant trafficking indicator; crime guns recovered with obliterated serial numbers are frequently purchased in multiple sales.

Table 13

Distribution of Traces Among Active Dealers, 1998

	Number of traces to a dealer	Dealers Percent	Dealers Number	Traces Percent	Traces Number
All Retail Dealers (Retail Gun Dealers and Pawnbrokers)	0 or more	100.0%	83,272	...	...
	1 or more	14.3%	11,947	100.0%	55,990
	2 or more	7.2%	6,056	89.5%	50,099
	5 or more	2.7%	2.253	71.7%	40,139
	10 or more	1.2%	1,020	57.4%	32,147
	25 or more	0.4%	332	39.6%	22,168
	50 or more	0.2%	132	27.2%	15,220
Retail Gun Dealers	0 or more	100.0%	73,016		
	1 or more	11.8%	8,651	100.0%	40,809
	2 or more	5.6%	4,114	88.2%	36,272
	5 or more	2.8%	1,517	72.5%	29,599
	10 or more	1.0%	713	59.7%	24,360
	25 or more	0.3%	252	43.2%	17,630
	50 or more	0.1%	99	30.4%	12,399
Pawnbrokers	0 or more	100.0%	10,256		
	1 or more	32.1%	3,296	100.0%	15,181
	2 or more	18.9%	1,942	91.1%	13,827
	5 or more	7.2%	736	69.4%	10,540
	10 or more	3.0%	307	51.3%	7,787
	25 or more	0.8%	85	29.9%	4,638
	50 or more	0.3%	33	18.6%	2,821

Sources: Data, Bureau of Alcohol, Tobacco and Firearms; Tables prepared by Glenn L. Pierce, Northeastern University, College of Criminal Justice, Center for Criminal Justice Policy Research.

FFL to straw purchasers, resold by an innocent purchaser or by an illegal unlicensed dealer, otherwise distributed by traffickers in firearms bought or stolen from FFLs or residences, or simply stolen from its legal owner. Nevertheless, when trafficking indicators are present, it is important to find out if the FFL or someone else is violating the law. This requires either a regulatory inspection or a criminal investigation. Table 12 shows a breakdown by trafficking channel of ATF illegal trafficking investigations involving youth and juveniles conducted between July 1996 and December 1998.[38]

Over a quarter of these investigations were initiated based on crime gun trace information, and many more of the investigations used tracing in the investigation.

Distribution of Crime Gun Traces Among Licensed Retail Dealers

A small number of licensed dealers account for a large proportion of the firearms traced. As Table 13 shows, in 1998, among all current dealers, 14 percent had one or more firearms traced to them in that year; about 32 percent of the pawnbrokers and about 12 percent of other retail dealers had a trace that year. Only 1.2 percent of dealers in 1998 were associated with 10 or more traces. These approximately 1,000 dealers accounted for well over 50 percent of

[38] *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

Table 14.

Traces and Average Time-To-Crime, 1998[a]

More than half of all traces were of guns recovered by law enforcement —	Retail dealers with: 1-9 traces	10-24 traces	25-49 traces	50+ traces	Traces to retail dealers with: 1-9 traces	10-24 traces	25-49 traces	50+ traces
Percent[b]								
3 years or less after first retail purchase								
All retail dealers (retail gun dealers and pawnbrokers)	5.4 %	0.4 %	0.1 %	0.1 %	18.8 %	8.5 %	6.3 %	15.9 %
Retail gun dealers	4.4	0.3	0.1	0.1	17.6	8.0	5.7	17.0
Pawnbrokers	13.2	1.0	0.3	0.2	22.1	9.9	7.7	13.2
More than 3 years after first retail purchase								
All retail dealers (retail gun dealers and pawnbrokers)	6.9 %	0.4 %	0.1 %	0.1 %	22.9 %	9.1 %	6.6 %	11.8 %
Retail gun dealers	5.7	0.3	0.1	0.1	21.6	8.6	7.3	14.2
Pawnbrokers	15.2	1.2	0.2	0.1	26.3	11.6	3.7	5.6
Number								
3 years or less after first retail purchase (retail gun dealers and pawnbrokers)								
All retail dealers	4,503	319	102	70	10,324	4,681	3,429	8,730
Retail gun dealers	3,170	218	68	47	7,009	3,195	2,273	6,746
Pawnbrokers	1,333	101	34	23	3,315	1,486	1,156	1,984
More than 3 years after first retail purchase								
All retail dealers (retail gun dealers and pawnbrokers)	5,666	354	101	62	12,559	5,161	3,462	6,490
Retail gun dealers	4,121	234	83	52	8,606	3,410	2,901	5,653
Pawnbrokers	1,545	120	18	10	3,953	1,751	561	837

Sources: Data, Bureau of Alcohol, Tobacco and Firearms; Tables prepared by Glenn L. Pierce, Northeastern University, College of Criminal Justice, Center for Criminal Justice Policy Research.

[a] Gun traces without initial purchase data are excluded from these calculations.

[b] Percentages are based on the total for each category. For dealers, denominators are 83,502 for all; 72,358 for retail dealers; and 10,144 for pawnbrokers. For traces, the denominators are 54,836 for all; 39,793 for retail dealers; and 15,043 for pawnbrokers.

the traces to current retail dealers that year. About 330 dealers, a fraction of one percent, were associated with 25 or more traces and accounted for about 40 percent of the traces to current dealers in 1998.

Time-to-crime

Time-to-crime trace analysis enables law enforcement officials to focus on FFLs or buyers associated with newer crime guns. Because these guns are less likely to have changed hands frequently before being used in a crime, their sources can more easily be identified. While the average time-to-crime for traced firearms is about 6 years, many traced firearms are recovered in three years or less. ATF found, for instance, that in 27 communities in 1998, up to half of all traced crime guns recovered from youth ages 18 to 24 were recovered in three years or less.[39] In 1998, there were nearly 480 active dealers with 10 or more crime guns with a time-to-crime of three years or less traced to them based on trace requests submitted that year, and there were 1,015 current dealers with five or more crime guns with a time-to-crime of three years or less traced to them.

Table 14 shows that there is a subset of active dealers that have both a high volume of traces and for which more than half of those traces had a time to crime of less than three years.

This particular indicator is a useful measure of the number of dealers whose guns move frequently and quickly end up in the wrong hands. It is a conservative measure, however, because while older crime guns may also have been trafficked or stolen, only the chain of ownership of new guns can be determined by a National Tracing Center trace, which stops at the first retail purchase. Many instances of trafficking cannot be investigated because of the NTC's inability to trace effectively secondhand firearms, whether they are sold by licensed or unlicensed sellers. Older businesses may have a relatively higher percentage of longer time-to-crime guns, simply because they have been in business for a longer period of time. Less than 50 percent of such establishments' traces may be fast time-to-crime traces, even if they sold a significant number of short time-to-crime guns.

Application of a combination of trafficking indicators, such as the volume of crime gun traces or traces with short time-to-crime, to the licensee population allows ATF to focus its limited resources on these dealers that are the source of guns used in crimes. As the method evolves and results in inspections and criminal investigations, more can be learned about the causes of these indicators and diversion from licensed retail dealers.

Limitations of the Firearms Tracing System

Approximately 200,000 trace requests were received in 1999. Until all crime guns are traced, the level of diversion of crime guns from FFLs to felons and other prohibited persons cannot be fully measured, and the illegal sources may remain unknown to law enforcement. In addition, not all trace requests result in the identification of the original licensed retail dealer or purchaser of the traced firearm. A firearms trace currently identifies the first retail dealer for approximately 60 percent of trace requests and the first retail purchaser for approximately 40 percent of trace requests. A number of factors, discussed below, prevent the tracing system from identifying the source of every crime gun traced.

- *Non-responsive dealers.* The firearms tracing system depends entirely on the accuracy and completeness of licensee records. Manufacturers, wholesalers and importers maintain records of the retail dealers that initially acquire the firearms for sale. Retail dealers are required to maintain the transaction records that link the make, model and firearms serial numbers with firearms purchasers. FFLs are required to respond to trace requests within 24 hours. If an FFL fails to respond, ATF inspectors must spend extra time seeking the information. Traces can be conducted in a timely manner and be completed only if FFLs keep proper records and cooperate with ATF trace requests. While most FFLs respond promptly to trace inquiries, some FFLs either totally disregard or refuse to comply with a request, others fail to respond within 24 hours and still others supply incorrect information. In 1999, there were approximately 50 active retail dealers who were either entirely non-responsive to a trace request, slow to respond to a trace

[39] Youth Crime Gun Interdiction Initiative, *Trace Analysis Reports: 27 Communities*, p.12, February 1999, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms.

request on at least three occasions or who gave incorrect information requiring an NTC re-check. Uncooperative FFLs often fail to maintain accurate records or fulfill other statutory and regulatory responsibilities.

- *Untraceable secondhand guns.* Federal law does not require unlicensed sellers to preserve transfer records, nor are gun owners required to keep a record of the serial number of their firearms or to report lost or stolen firearms. It is generally impossible for a crime gun trace to identify purchasers beyond the initial retail buyer. The initial purchaser may have transferred the gun to a third party or it may have been stolen. To trace a gun beyond the first retail purchaser, law enforcement authorities must conduct an "investigative trace," using traditional investigative methods, such as interviews and use of informants. Investigative traces are extremely resource intensive and, because of the absence of records, often unsuccessful. For these reasons, ATF conducts investigative traces only in rare cases. Even though FFLs do maintain transaction records on firearms they sell secondhand, a regular crime gun trace cannot capture this information because no link exists between first and subsequent retail transactions. Since over half of ATF's trafficking investigations involve secondhand firearms, the fact that the tracing process is unable to capture sales of used firearms by FFLs and unlicensed sellers is a major problem.[40]

- *Unreported firearms stolen in shipment.* Some traces cannot be completed because the firearm is lost or stolen while in transit between two licensees, and not reported as such to ATF. Current regulations do not specify whether the shipping or receiving licensee is responsible for reporting the theft or loss of a firearm while it is in transit. Interstate carriers are not required to report the theft or loss of firearms shipped in commerce. In Fiscal Year 1999, there were 1,290 crime gun traces in which the FFL claimed that it never received the firearm shipped to it.

- *Obliterated serial numbers.* The intentional obliteration of firearms serial numbers by traffickers and criminals poses a serious threat to the effectiveness of the firearms tracing system. Since serial numbers are the principal means by which firearms are identified, the obliteration of serial numbers make it difficult to trace recovered crime guns. ATF restores obliterated serial numbers at its three national firearms laboratories, and over the past two years has increased its efforts to train other law enforcement laboratories to restore obliterated serial numbers on crime guns. Due to the growing problem of obliterated serial numbers, on June 23, 1999, ATF issued a Notice of Proposed Rulemaking to impose marking requirements that would make it more difficult to obliterate serial numbers.[41]

- *Incomplete trace requests.* A significant fraction of trace requests cannot be completed because the trace submission from State and local law enforcement agencies does not contain adequate information. Reading serial numbers on imported firearms poses particular problems. ATF is working with State and local agencies to address this problem.

- *Out-of-business records.* Out-of-business FFLs are required to submit their records

[40] *Youth Crime Gun Interdiction Initiative Performance Report*, Appendix Table 7, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999; and *Gun Shows: Brady Background Checks and Crime Gun Traces*, Appendix Table 6, Department of the Treasury and Department of Justice, January 1999. As part of the Youth Gun Crime Enforcement Act of 1999, the President proposed that licensees be required to submit to the NTC the serial numbers and other identifying information for used firearms taken into inventory. This would fill a major void in the tracing system. However, Congress has yet to act on this legislation.

[41] Notice No. 877, 64 Fed. Reg. 33450 (1999). See *Youth Crime Gun Interdiction Initiative Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Markets in 27 Communities*, Tables F2, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

to the NTC. This permits the continued tracing of crime guns that have been sold by the out of business FFL. Many FFLs do not comply with this requirement, necessitating follow-up efforts by ATF inspectors. The NTC uses a microfilm system to create an index of FFL and serial number for every firearm transaction in the out of business records submitted by the FFL. While over 100 million firearms records have been indexed, over 300 million records are still in the process of being indexed and are, therefore, accessed for crime gun tracing purposes by manual searches. The approximately one quarter of crime gun trace requests that are currently resolved through searches of out-of-business records could be completed more rapidly if all out-of-business records were indexed. ATF estimates that it will take at least two years to complete its ongoing process of imaging the additional out-of-business records.

- *Untraceable older firearms.* A regulation enacted in 1958 required that all handguns and most rifles have serial numbers. Although many pre-1958 firearms were manufactured with serial numbers, some were not, and are, therefore, untraceable.

Guns Reported Lost and Stolen As Indicators of Illegal Trafficking

The accuracy of a dealer's inventory is critical to ATF's ability to trace crime guns. Pursuant to the Violent Crime Control and Law Enforcement Act of 1994, FFLs are required to report firearms lost and stolen from inventory to the NTC within 48 hours of theft or loss. This permits ATF to launch an immediate criminal investigation in order to arrest the thief, prevent potential use of the firearms in a crime or trafficking by the thief, and use the information as another indicator to establish priorities for compliance inspections. ATF has no authority to require FFLs to take security measures, but can seek to determine whether firearms reported lost or stolen were accurately reported, or trafficked by the licensee or an employee of the licensee.

In 1998 and 1999, licensees filed reports on over 5,000 incidents, involving 27,287 lost or stolen firearms. These included the following types of incidents:

- Inventory errors, recordkeeping errors, and employee theft, accounting for approximately 39 percent of reported incidents and over 11,000 firearms.
- Burglary (breaking and entering during non-business hours), accounting for 21 percent of reported incidents, and nearly 11,000 firearms, an average of 10 per incident.
- Larceny (unlawful taking through fraud, deception or trickery), accounting for 38 percent of reported incidents and over 3,500 firearms.
- Robbery (unlawful taking by force/violence or threat of force/violence), accounting for only 2 percent of all reported incidents and about 1,000 firearms, an average of 11 per incident.

Among retail dealers, including pawnbrokers, inspected as part of a special ATF survey in 1998, over half had reported a firearm stolen at some point. Among those that had sold 50 or more firearms the previous year, 10 percent of pawnbrokers and 16 percent of other retail dealers had reported a theft since commencing business. Inventory inconsistencies were discovered at some time in the records of about 45 percent of the pawnbrokers, and nearly 20 percent of the other retail dealers that had sold 50 or more firearms the previous year.[42]

The records of ATF inspections confirm that inventory errors are occurring at a high rate. During inspections conducted in 1999, 21,000 firearms were initially identified as missing from inventory. During the course of their work, inspectors verified firearms in inventory against the record books. This allowed corrections of the records to reduce the number of missing firearms to 5,700. Thus, inspectors corrected a total of over 15,000 inventory errors. Errors in inventory records are a serious problem because a firearm missing from inventory cannot be traced.

Another obstacle to effective regulation of retail dealers is the lack of reporting about thefts that take place in transit to a licensee's business premises. While ATF has long requested common carriers to report firearms thefts, they are not required to do so by law and only a few companies regularly file reports.[43] In 1998 and 1999, common carriers reported about 1,900 interstate thefts, involving over 3,700 firearms. It can be assumed that many more interstate thefts occur than are reported to ATF.

[42] *Snapshot 2000.*

[43] As part of the Youth Gun Crime Enforcement Act of 1999, the President proposed that common carriers be required to report firearms thefts to ATF. However, Congress has yet to act on this legislation.

ENSURING COMPLIANCE BY LICENSED RETAIL DEALERS

ATF's goal is to maximize voluntary compliance by the firearms industry through education and partnerships. ATF strives to maintain a focused and fair regulatory enforcement program that disqualifies dealers that are in violation, and refers them for criminal investigation where appropriate. The development of trafficking indicators, principally indicators based on crime gun tracing, has fundamentally changed ATF's firearms regulatory program and allowed it to focus on those licensed retail dealers that are the source of crime guns. This section reports on ATF's regulatory enforcement program for licensed retail dealers.

Industry Education and Partnerships

To reduce the potential for violations by FFLs, including retail dealers, ATF conducts industry educational activities, sometimes in cooperation with law enforcement organizations or members of the firearms industry.

ATF inspectors regularly hold informational firearms seminars intended for licensed dealers. These meetings are generally held after a major change in the law or regulations results in changes in the recordkeeping or reporting requirements, and allow licensees to ask questions and meet inspectors. The seminars also inform inspectors about the issues facing dealers. Since the early 1980s, ATF has conducted seminars open to the industry and public. In fiscal year 1999, ATF inspectors conducted 155 firearms seminars. It also runs an informational booth at the firearms industry's annual Shooting, Hunting, and Outdoor Trade (SHOT) show.

ATF also provides a variety of instructional and informational materials to the industry. For example, in 1998, ATF developed and issued a publication aimed at assisting licensed dealers in reducing the number of firearms stolen from FFL inventory, which represent a source of supply to illegal gun traffickers. Titled *Safety and Security Information for Federal Firearms Licensees*, the manual provided advice for FFLs based on the investigation of thefts reported by licensees between September 1994 and December 1997. It urged dealers to evaluate their individual risk factors to determine how vulnerable they may be to thefts, implement and use basic security measures, and screen employees carefully. ATF publishes and regularly updates a reference guide to Federal firearms regulations.[44]

Current educational projects include an instructional videotape on compliance with the GCA, being developed with the International Association of Chiefs of Police (IACP) for distribution to retail firearms dealers.

Compliance Inspections and the Imposition of Penalties

Once a license is issued, ATF may inspect an FFL's inventory and records without a warrant to ensure compliance with the recordkeeping requirements of the GCA. Since 1986, however, the law has limited ATF to one such inspection during a 12-month period, absent consent of the licensee.

Inspectors check for a range of violations, including: falsification of records; knowingly selling firearms to prohibited or underage persons; missing firearms inventory; inventory and bound book discrepancies; handgun sales to out-of-state residents; noncompliance with Brady Act requirements; and unreported multiple sales of handguns. Compliance inspections also offer licensees an opportunity to ask questions regarding compliance with the provisions of the GCA.

Establishing whether there are firearms that cannot be accounted for by a licensee is a particularly labor intensive but critical component of compliance inspections. Unaccounted for firearms can indicate unreported theft, poor

[44] *Federal Firearms Regulations Reference Guide*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, 2000 (ATF P 5300.4 (01.00)).

record keeping or illegal trafficking. Inspectors seek to document discrepancies, and correct them when possible, since this reduces the quantity of firearms untraceable by law enforcement. Theft is a major concern; it involves a direct crime, and may also involve subsequent trafficking to prohibited persons.

Compliance inspections may also lead to administrative actions, penalties and criminal referrals. Depending on the severity and frequency of the violations, ATF will issue a warning letter; hold a warning conference with the dealer; strongly encourage the dealer to voluntarily surrender the license; deny license renewal, or initiate revocation procedures. A licensee who willfully violates the provisions of the GCA is subject to license revocation. With one exception related to certain violations of the Brady Act, ATF has no authority to suspend a firearms license or impose a civil fine for GCA violations. ATF's policy is that while honest errors should not be a basis for revocation, licensees who are unable or unwilling to meet their obligations cannot be allowed to continue in the business.

If the violations suggest that the FFL or its customers are engaged in illegal firearms activity, field inspectors may refer the matter to ATF special agents for possible criminal investigation. A recent ATF analysis shows that at least two percent of ATF's criminal trafficking investigations involving juveniles and youth are initiated because of regulatory referrals.[45] Criminal penalties for most recordkeeping violations by FFLs were reduced from felonies to misdemeanors by the 1986 Firearms Owners' Protection Act.

The Compliance Inspection Program: Focused Inspections

In October 1998, ATF initiated the current policy, referred to as focused inspections, which requires field division personnel to select licensees for inspection based on a range of indicators of potential firearms trafficking derived from the National Tracing Center (NTC) database. In addition to relying on NTC indicators, inspectors adhere to guidelines for addressing dealers who come to the attention of ATF locally, such as small volume licensed dealers with relatively high numbers of crime gun traces, and licensed dealers that special agents refer to inspectors. Inspectors also support specific firearms trafficking and Youth Crime Gun Interdiction Initiative investigations; and follow up on information required by the ATF Licensing Center and the NTC, including obtaining trace information and out-of-business records that FFLs fail to submit.

In addition, the establishment of the NICS background check system by the FBI resulted in new ATF compliance responsibilities. ATF has been working with the FBI to include a NICS audit as part of compliance inspections, in order to ensure that the checks are done properly as part of the over-the-counter transaction, and that the NICS system is not being used for purposes other than firearms transactions.[46]

Results of Inspections

A random sample of inspections of retail licensees in 1998 showed numerous violations, although many were minor. Among all retail dealers, 45 percent of pawnbrokers, and 30 percent of other retail dealers were in violation of dealer requirements. Among gun dealers that had sold 50 or more guns the previous year, the level was higher, over half of retail dealers, and about 30 percent of pawnbrokers were in violation. Violations clearly warranting a follow-up inspection were found at between a quarter and a third of the dealers and pawnbrokers selling 50 or more guns the previous year.[47]

---

[45] *Youth Crime Gun Interdiction Initiative Performance Report for the Senate and House Committees on Appropriations*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

[46] *Implementation of the Brady Law*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, September 1999.

[47] *Snapshot 2000.*

Among all pawnbrokers, about a quarter had violations warranting a follow-up inspection, and, among all other retail dealers, about nine percent warranted a follow-up inspection.

A review of 1,700 compliance inspections conducted during FY 1999 reveals that about 400, slightly less than 25 percent, were cited for one or more violations. One or more of the following actions were taken concerning these cited licensees:

- License revocation: 13 (3 percent).
- License surrender, placed out-of-business, or denial of renewal: 75 (19 percent).
- Warning conferences: 35 (9 percent).
- Warning letters: 120 (30 percent).
- Re-call or Follow-up inspection (after one year) planned: 223 (56 percent).

Some dealers with a substantial number of crime gun traces and sales volume ranging from 6,000 to 15,000 firearms per year had no compliance problems; other dealers had gone out of business since the time of their last inspection or were the subjects of ATF criminal investigations. After one year has passed and ATF is permitted to conduct a follow-up inspection, it will be possible to assess the rates of non-compliance for this group.

Coverage of Field Inspectors

Based on inspections conducted in FY1998, including the average time it took to complete an inspection of an FFL retail dealer, and assuming a licensee population of 100,000, it would take 2,600 full time inspectors to inspect all licensed retail dealers annually. A two-year cycle would require a staff of 1,300; a three-year cycle would require 650 inspectors. While in the past the average inspection took approximately 10 to 20 hours to complete, under the focused inspection policy, which thoroughly addresses the trafficking indicators, the average inspection of an FFL retail dealer selected by firearms trafficking indicators takes approximately 60 to 100 hours to complete. The use of trafficking indicators to direct compliance inspection efforts should allow ATF to use its regulatory resources more efficiently and effectively to stop the diversion of firearms from licensed retail dealers to the illegal market.

Table A.1.1—Firearms Manufacturers' Shipments, 1899-1998

	Number of weapons in thousands					
		Handguns				
Year	Total	Total	Pistols	Revolvers	Rifles	Shotguns
1899-1945	45,711	11,722	...	...	20,651	13,338
1946	1,526	176	...	...	729	621
1947	2,070	257	...	...	953	860
1948	2,610	427	...	...	1,170	1,013
1949	2,168	256	...	...	862	1,050
1950	2,432	261	...	...	847	1,324
1951	1,976	307	...		668	1,001
1952	1,818	398	...	...	541	948
1953	1,844	355	...	...	541	948
1954	1,471	327	...	...	437	707
1955	1,657	362	...	...	556	739
1956	1,835	451	...	...	554	830
1957	1,662	460	...	...	514	688
1958	1,377	440	...	...	406	531
1959	1,646	519	...	...	517	610
1960	1,508	475	...	...	469	564
1961	1,504	447	...	...	482	575
1962	1,551	431	...	...	529	591
1963	1,671	453	...	...	579	639
1964	1,950	491	...	...	713	746
1965	2,355	666	...	...	790	899
1966	2,526	700	...	...	850	976
1967	2,879	926	...	...	909	1,044
1968	3,514	1,259	...	...	1,100	1,155
1969	3,671	1,255	...	...	1,297	1,119
1970	3,733	1,394	...	...	1,195	1,144
1971	3,858	1,448	...	...	1,269	1,141
1972	4,617	1,805	...	...	1,677	1,135
1973	4,842	1,734	...	...	1,837	1,271
1974	5,633	1,715	...	...	2,105	1,803
1975	5,745	2,024	...	...	2,126	1,595
1976	5,282	1,833	...	...	2,112	1,337
1977	5,038	1,880	...	...	1,933	1,225
1978	4,861	1,877	...	...	1,788	1,196
1979	5,320	2,124	...	...	1,876	1,320
1980	5,645	2,370	764	1,605	1,936	1,339
1981	5,374	2,537	835	1,702	1,681	1,156
1982	5,130	2,629	853	1,775	1,623	879
1983	4,036	1,967	734	1,233	1,110	960
1984	3,873	1,680	753	927	1,107	1,086
1985	3,460	1,550	707	844	1,141	770
1986	3,040	1,428	693	735	971	641
1987	3,523	1,659	964	695	1,006	858
1988	3,818	1,746	991	755	1,145	928
1989	4,374	2,031	1,403	629	1,407	936
1990	3,844	1,839	1,376	462	1,156	849
1991	3,550	1,838	1,381	457	883	828
1992	4,030	2,010	1,550	460	1,002	1,018
1993	5,130	2,825	2,272	553	1,160	1,145
1994	5,161	2,582	1,996	586	1,324	1,255
1995	4,228	1,723	1,195	528	1,332	1,174
1996	3,833	1,484	986	499	1,424	926
1997	3,574	1,407	1,036	370	1,251	916
1998	3,645	1,240	916	324	1,536	869

Source: Bureau of Alcohol, Tobacco and Firearms; Department of Justice, Bureau of Justice Statistics.

Table A.1.2—Firearms Manufacturers' Exports, 1899-1998

	Number of weapons in thousands					
		Handguns				
Year	Total	Total	Pistols	Revolvers	Rifles	Shotguns
1899-1945	3,684	1,723	...	...	1,073	888
1946	123	57	...	...	36	30
1947	167	78	...	...	49	40
1948	210	98	...	...	61	51
1949	175	82	...	...	51	42
1950	196	92	...	...	57	47
1951	158	74	...	...	46	38
1952	146	68	...	...	43	35
1953	148	69	...	...	43	36
1954	118	55	...	...	34	29
1955	133	62	...	...	39	32
1956	148	69	...	...	43	36
1957	134	63	...	...	39	32
1958	111	52	...	...	32	27
1959	133	62	...	...	39	32
1960	121	57	...	...	35	29
1961	121	57	...	...	35	29
1962	126	59	...	...	37	30
1963	135	63	...	...	39	33
1964	157	73	...	...	46	38
1965	190	89	...	...	55	46
1966	203	95	...	...	59	49
1967	232	108	...	...	68	56
1968	282	132	...	...	82	68
1969	295	138	...	...	86	71
1970	301	141	...	...	88	72
1971	311	145	...	...	91	75
1972	372	174	...	...	108	90
1973	279	95	...	...	124	60
1974	337	100	...	...	147	90
1975	421	173	...	...	148	100
1976	482	202	...	...	147	133
1977	556	208	...	...	196	152
1978	541	246	...	...	162	133
1979	515	224	...	...	168	123
1980	517	220	32	187	171	127
1981	588	252	26	227	159	176
1982	446	254	25	229	87	105
1983	293	159	12	147	55	79
1984	235	117	10	107	49	69
1985	183	95	29	66	44	45
1986	217	121	17	104	37	59
1987	242	159	25	134	42	41
1988	254	132	33	99	54	69
1989	259	118	42	76	73	68
1990	354	178	73	105	72	104
1991	398	190	79	110	91	118
1992	398	189	77	112	90	119
1993	414	149	59	90	94	171
1994	401	173	94	79	82	147
1995	420	230	98	132	89	101
1996	326	154	64	90	75	97
1997	271	108	44	64	77	86
1998	200	45	29	16	66	90

Source: Bureau of Alcohol, Tobacco and Firearms.

Table A.1.3—Firearms Imports, 1899-1999

Year	Total Imported	Handguns	Rifles	Shotguns
	Number of weapons in thousands			
1899-1945	2,013	769	531	713
1946	7	0	0	7
1947	30	7	0	23
1948	50	17	4	29
1949	36	7	5	24
1950	63	17	14	32
1951	110	41	24	45
1952	139	56	27	56
1953	155	61	13	81
1954	143	50	11	82
1955	171	67	15	89
1956	214	84	38	92
1957	318	78	130	110
1958	370	79	198	93
1959	528	130	269	129
1960	655	128	402	125
1961	533	115	310	108
1962	516	168	231	117
1963	562	223	219	120
1964	574	253	182	139
1965	766	347	245	174
1966	996	513	291	192
1967	1,208	747	239	222
1968	1,784	1,240	263	281
1969	889	406	197	286
1970	855	280	219	356
1971	1,156	337	253	566
1972	1,038	440	178	420
1973	859	248	189	422
1974	1,113	408	175	530
1975	793	312	169	312
1976	918	345	139	434
1977	751	253	184	314
1978	1,040	272	278	490
1979	886	271	257	358
1980	754	299	182	273
1981	689	306	200	184
1982	665	333	175	157
1983	838	411	228	199
1984	773	342	213	219
1985	697	229	271	197
1986	701	231	269	201
1987	1,064	342	414	308
1988	1,276	622	283	372
1989	1,008	440	293	274
1990	844	449	204	192
1991	721	293	311	116
1992	2,847	982	1,423	442
1993	3,043	1,205	1,593	246
1994	1,881	915	848	118
1995	1,103	706	261	136
1996	882	491	263	128
1997	939	474	359	106
1998	1,000	532	249	219
1999	892	308	198	386

Source: Bureau of Alcohol, Tobacco and Firearms. Data prior to 1992 are for fiscal years; data after 1992 are calendar years; 1992 is a transition year with five quarters.

Table A.1.4—Firearms Importation Applications, FY 1986-1999

Fiscal Year	Total	Applications for importation (Form 6)[a] processed			Permits (Form 6) processed
		Importer	Military	Other	
1986	19,793	7,728	9,434	2,631	6,201
1987	18,022	7,833	8,059	2,130	6,347
1988	17,513	7,711	7,680	2,122	7,174
1989	18,437	7,950	8,293	2,194	10,713
1990	19,248	8,292	8,696	2,260	12,319
1991	21,483	8,098	10,973	2,412	9,024
1992	19,805	7,960	9,222	2,623	7,124
1993	16,458	7,591	6,282	2,585	9,299
1994	14,298	6,704	4,570	3,024	7,650
1995	10,649	5,267	2,834	2,548	6,211
1996	11,527	6,340	2,792	2,395	8,857
1997	11,752	8,288	2,069	1,395	9,798
1998	13,019	8,767	2,715	1,536	10,647
1999	12,776	9,505	2,235	1,036	15,043

Source: Bureau of Alcohol, Tobacco and Firearms, Firearms, Explosives Imports System Database and Firearms and Explosives Imports Branch Log. Import applications are generally for more than one firearm at a time.

[a] Form 6 (Application and Permit for Importation of Firearms, Ammunition and Implements of War) is both the application and permit to import firearms and ammunition. An importer completes Form 6 and sends it to ATF. If ATF approves the application, Form 6 becomes a permit to import the firearms or ammunition at issue.

Table A.2—Firearms and Ammunition Excise Tax Collections

Fiscal Year	Dollars in thousands Total	Pistols and revolvers	Other Firearms	Shells and cartridges
1983 [a]	$90,637	$24,080	$34,711	$31,846
1984	$87,665	$22,011	$37,276	$28,378
1985	$102,403	$25,107	$48,906	$28,390
1986	$98,362	$23,433	$39,037	$35,892
1987	$102,521	$25,361	$42,182	$34,978
1988	$114,064	$29,074	$48,867	$36,123
1989	$134,277	$38,230	$48,870	$47,177
1990	$137,409	$42,015	$61,402	$33,992
1991	$144,745	$42,226	$50,237	$52,282
1992	$140,608	$41,760	$45,697	$53,151
1993	$171,434	$54,019	$60,482	$56,933
1994	$213,966	$68,533	$75,637	$69,796
1995	$184,302	$53,779	$72,947	$57,576
1996	$157,816	$38,649	$72,422	$46,745
1997 [b]	$149,090	...	...	...
1998 [b]	$164,789	...	...	...
1999 [b]	$187,977	...	...	...

Source: Bureau of Alcohol, Tobacco and Firearms. The tax rate on the displayed categories is as follows: pistols and revolvers, 10% of sale price; firearms other than pistols and revolvers, 11% of sale price; shells and cartridges, 11% of sale price.

[a] From FY 1983-1990, the Internal Revenue Service collected excise taxes. ATF assumed the collection function in FY 1991.

[b] ATF no longer maintains these statistics by individual category.

Table A.3—Producer Price Indices: Small Arms and Ammunition

Year	Small arms	Pistols and revolvers	Shotguns	Rifles, centerfire	Small arms ammunition	Pistol and revolver cartridges	PPI, Finished Consumer Goods (excluding food and energy)
1947	24.7	24.4	27.8	...	22.4	...	...
1948	26.1	24.5	29.4	...	25.5	...	...
1949	26.9	24.5	30.3	...	27.4	...	...
1950	27.7	24.6	31.2	...	28.4	...	...
1951	30.6	25.3	34.5	...	33.2	...	...
1952	29.2	25.3	32.3	...	32.2	...	...
1953	29.2	25.8	32.3	...	31.9	...	...
1954	29.3	26.1	32.3	...	31.9	...	...
1955	29.3	26.1	32.3	...	33.6	...	...
1956	31.3	26.4	34.3	...	35.7	...	...
1957	32.9	27.0	36.0	...	36.5	...	...
1958	33.3	27.8	36.2	...	36.5	...	...
1959	33.5	28.0	36.3	...	35.7	...	...
1960	34.3	28.6	37.1	...	35.5	...	...
1961	35.0	29.4	37.7	...	37.5	...	...
1962	35.3	29.5	38.1	...	37.5	...	...
1963	35.3	29.2	38.2	...	37.5	...	...
1964	35.7	28.2	39.4	...	37.9	...	...
1965	36.3	28.3	40.0	...	39.5	...	...
1966	37.3	29.4	40.9	...	39.5	...	...
1967	38.3	31.0	41.5	...	39.4	...	...
1968	40.3	36.6	42.3	...	41.0	...	...
1969	41.9	39.7	43.9	...	42.2	...	...
1970	43.7	...	45.8	...	46.2	...	...
1971	45.5	...	48.7	...	47.4	...	...
1972	46.0	40.5	49.5	...	48.4	...	...
1973	46.8	41.3	50.5	...	49.2	...	50.4
1974	50.8	44.8	54.3	...	53.2	...	55.5
1975	56.5	49.5	61.0	...	59.7	...	60.6
1976	60.0	52.8	64.8	...	62.3	...	63.7
1977	64.4	57.1	69.6	...	67.5	...	67.3
1978	70.1	62.5	76.0	...	72.8	...	72.2
1979	75.4	67.1	81.5	...	80.5	...	78.8
1980	87.3	80.0	92.3	...	88.7	...	87.8
1981	98.2	92.4	103.3	...	96.9	...	94.6
1982	100.0	100.0	...	...	100.0	...	100.0
1983	103.0	102.3	...	...	109.9	...	103.1
1984	111.4	111.7	...	...	115.9	...	105.7
1985	119.8	112.8	...	...	123.6	...	108.4
1986	125.5	116.4	136.2	105.8	126.3	100.8	111.1
1987	131.5	121.9	141.6	110.4	125.0	109.1	114.2
1988	138.1	130.4	148.0	115.6	130.2	112.6	118.5
1989	146.7	135.4	157.1	120.5	136.4	114.3	124.0
1990	153.6	138.4	162.2	126.8	133.4	114.9	128.8
1991	160.1	142.2	166.2	131.7	138.9	116.9	133.7
1992	162.6	142.6	167.2	132.6	138.3	119.0	137.3
1993	165.9	143.9	170.9	135.9	139.5	120.3	138.6
1994	170.2	145.4	176.9	139.7	140.3	127.7	139.0
1995	173.1	148.0	179.5	143.4	144.3	133.6	141.9
1996	175.6	149.1	182.0	145.9	143.1	129.5	144.3
1997	177.3	151.1	184.2	148.3	142.8	129.4	145.1
1998	180.2	156.2	188.0	153.5	144.1	130.8	147.7
1999	184.6	160.3	197.0	158.6	144.2	134.1	151.7

Source: Bureau of Labor Statistics. 1999 data are preliminary; 1982=100,

Table B.1—National Firearms Act Application, Registration, Tax Revenues, and Related Activities, 1979-1999[a]

Year[b]	Number of applications processed	Number of weapons registered[c]	Tax revenues ($ in thousands) Occupational tax	Tax revenues ($ in thousands) Transfer and making Tax	Enforcement Support[d] Certifications	Enforcement Support[d] Records checks
1979	14,607	127,024	...	$500	3,559	...
1980	16,772	176,365	...	$716	4,377	...
1981	18,597	121,901	$268	$611	1,482	3,627
1982	21,606	102,318	$391	$723	1,306	2,841
1983	27,084	97,341	$591	$594	4,335	...
1984	26,692	76,790	$596	$666	1,196	2,771
1985	26,779	84,839	$606	$594	921	3,682
1986	39,451	277,368	$667	$1,372	690	3376
1987	64,597	290,000	$869	$1,576	575	4,135
1988	83,250	310,000	$2,095	$1,481	701	3,738
1989	152,067	374,774	$1,560	$1,527	673	6,128
1990	194,215	439,339	$1,442	$1,308	666	7,981
1991	201,391	477,020	$1,556	$1,210	764	7,857
1992	169,762	538,875	$1,499	$1,237	1,257	8,582
1993	221,627	613,079	$1,493	$1,264	1,024	7,230
1994	238,945	678,077	$1,444	$1,596	586	6,283
1995	216,026	756,260	$1,007	$1,311	882	5,677
1996	242,054	823,459	$1,143	$1,402	529	5,215
1997	246,781	...	$1,284	$1,630	488	4,395
1998	315,641	1,016,863	$1,299	$1,969	353	3,824
1999	306,515	1,148,984	$1,330	$2,422	345	3,994

Source: Bureau of Alcohol, Tobacco and Firearms, National Firearms Registration and Transfer Record.

[a] National Firearms Act weapons are defined in the Internal Revenue Code, Title 26, USC, Chapter 53, and include items such as machine guns, short-barreled rifles and shotguns, and destructive devices. The number of weapons registered for FY 1979 - 1985 is the number of weapons associated with the applications processed during the fiscal year. The number of weapons registered for FY 1986 - FY 1999 is the number of weapons in the National Firearms Registration and Transfer Record (NFRTR) - the total number of registered weapons. The number of weapons registered for FY 1987 and 1988 are approximate. Occupational tax revenues for FY 1988 - 1996 include collections made during the fiscal year for prior tax years.

[b] Data from 1979 - 1996 are on a fiscal year basis; data for 1997 - 1999 represent calendar years.

[c] Two circumstances contributed to the rise in the number of NFA weapons registered in the NFRTR after 1985. First, Public Law 99-308 was enacted in 1986, and restricted the private possession of machineguns manufactured on or after the effective date of the law - May 19, 1986. Manufacturers registered a large number of machineguns in anticipation of the ban. Second, law enforcement increased their use of "flash/bang" weapons, which must be registered in the NFRTR as destructive devices.

[d] ATF searches the National Firearms Registration and Transfer Record in support of criminal investigations and regulatory enforcement inspections.

Table B.2—National Firearms Act Transfer Applications, FY 1990 - 1999

Fiscal Year	Transfers: Application for tax paid transfer (Form 4)	Transfers: Application for tax exempt transfer (Form 5)	Personal/Government application to make NFA firearms (Form 1)
1990	7,024	54,959	399
1991	5,395	44,146	524
1992	6,541	45,390	351
1993	7,388	60,193	310
1994	7,600	67,580	1,076
1995	8,263	60,055	1,226
1996	6,418	72,395	1,174
1997	7,873	70,690	855
1998	10,181	93,135	1,093
1999	11,768	95,554	1,071

Fiscal Year	Manufactured and imported (Form 2)	Exported (Form 9)
1990	66,084	21,725
1991	80,619	40,387
1992	107,313	22,120
1993	70,342	24,041
1994	97,665	34,242
1995	95,061	31,258
1996	103,511	40,439
1997	110,423	36,284
1998	141,101	40,221
1999	137,373	28,128

Fiscal Year	Tax exempt licensees (Form 3)	Items processed: Number of applications	Items processed: Number of firearms
1990	23,149	194,215	439,339
1991	19,507	201,391	477,020
1992	26,352	169,762	538,875
1993	22,071	221,627	613,079
1994	27,950	238,945	678,077
1995	18,593	216,026	756,260
1996	16,931	242,054	823,459
1997	18,371	246,781	905,647
1998	27,921	315,641	1,016,863
1999	28,288	306,515	1,148,984

Source: Bureau of Alcohol, Tobacco and Firearms, NFA Special Taxpayers and Revenue Collected Database.

Gun Departure Statement
Questions and Answers

Q: What are the key findings of the Report?

A: A relatively small number of active retail dealers and pawnbrokers are the source of a substantial proportion of traced crime guns. The majority (57.4 percent) of firearms traced in 1998 were sold by only 1,020 (1.2 percent) of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced to them in 1998. In addition, a small number of retail dealers and pawnbrokers repeatedly fail to cooperate with trace requests.

Q: What actions are ATF proposing to take with respect to those dealers who have a large number of crime gun traces?

A: ATF will focus its inspection efforts on retail dealers and pawnbrokers that had 10 or more firearms traced to them in 1999, and take appropriate action against them where needed. These dealers will be subject to extensive inspections, where ATF inspectors will look at all of the dealer's records, take an inventory of the store, and review numerous other factors to ensure that the dealer is operating properly. Strong enforcement action will be taken against dealers found to be violating the law. At the same time, ATF will also work closely with law-abiding gun dealers to develop new procedures to prevent illegal trafficking.

Q: Does this mean that ATF isn't currently focusing inspection efforts on dealers with high numbers of crime gun traces?

A: ATF already targets inspection efforts on dealers with high numbers of crime gun traces. But today's report and regulatory actions lay out a rationale and a systematic approach ATF will take to conduct focused inspections on the 1,000 gun dealers with 10 or more crime guns traced back to them.

Q: Why isn't ATF focusing its resources on investigating armed criminals instead of gun dealers?

A: Criminal investigation of armed criminals is central to ATF's anti-trafficking strategy. However, today's actions focus on ATF's regulatory enforcement programs to prevent firearms trafficking. This is only one element of this Administration's multi-faceted enforcement strategy.

Q: Why is ATF requesting information secondhand guns from certain dealers?

A: Used guns make up a substantial proportion of the firearms sold by some federal firearms licensees (FFLs). Currently, ATF can rarely trace these guns because of limitations in the tracing system. The information ATF is obtaining from these licensees will assist in the tracing of secondhand guns used in crime.

Q: If dealers are not complying with the statutory requirement to respond to ATF within 24 hours of a trace request, why isn't ATF revoking their licenses?

A: ATF has made every effort to work with uncooperative dealers; however, there is a small number who still refuse to comply with the tracing requirements of the law. ATF will inspect all dealers who do not comply with the tracing requirements, and will take appropriate action when they find that the dealers have violated the law.

Q: Won't ATF use these records to create a national firearms registry?

A:. No. ATF is requesting comprehensive information about firearms transactions from a very small group of uncooperative licensees. These records will be preserved separately and accessed through a separate indexing system of firearms serial numbers. The records ATF will receive from the larger group of firearms licensees pertain only to information about secondhand firearms, and will not include names of any purchasers.

Q: If ATF accomplishes everything set forth today, is additional legislation still necessary?

A: Yes, today's actions are but one step in this Administration's comprehensive approach to reducing gun crime and violence. The measures announced today are regulatory efforts aimed at retail dealers and pawnbrokers. Effective enforcement of existing laws through regulatory and criminal enforcement is an important part of our overall strategy to reduce firearms violence; moreover, the President's budget proposes the largest ever increase for firearms enforcement. However, the Administration also has proposed legislation that will help law enforcement strengthen enforcement of our gun laws as well as address firearms safety issues.

Q. Does ATF have the resources and personnel to conduct 1,000 inspections?

A. Yes. But the Administration's new firearms enforcement budget proposal -- which includes a significant increase for ATF inspectors and agents --would provide a tremendous boost to today's announcement.

Q: How will the actions ATF is taking on licensed gun dealers – those from the legal gun market -- impact illegal gun trafficking?

A: These initiatives, which will first impact licensed gun dealers, will significantly improve ATF's ability to trace crime guns, identify traffickers and straw purchasers, initiate trafficking investigations, and help to curtail the illegal gun market that supplies felons, juveniles and other prohibited persons with guns. The actions will also help law enforcement to prevent and respond to gun crime.

Q: If evidence suggests that gun dealers are a definitive source of crime guns, why is the Administration only now proposing the increase the number of ATF inspectors?

A: Over the last few years, we have made tremendous strides in our understanding of the firearms market. We have learned a great deal in particular about the practice of trafficking in firearms and the role licensed gun dealers have in this problem. Our budget reflects that greater knowledge – we've been providing steady increases to ATF since 1997. Moreover, the President recently announced his proposal for the largest ever increase to the ATF budget in the agency's history.

Q: Does the report say anything about the size of the U.S. firearms industry?

A: The U.S. firearms manufacturing industry has product shipments valued at just over $1 billion per year, and hires about 10,000 employees. A related industry, small arms ammunition ships products valued at $850 million and hires about 7,000 employees.

Deanne E. Benos
02/04/2000 08:27:34 AM

Record Type: Record

To:

cc:
Subject:

Thursday February 3, 11:26 pm Eastern Time

Mytec stock soars on Smith & Wesson 'smart' guns

TORONTO, Feb 3 (Reuters) - Shares of Canadian biometric technology firm Mytec Technologies Inc. (Toronto:MYT.TO - news) soared on Thursday after the company said it had integrated its fingerprint scanning technology into ``smart'' guns made by Smith and Wesson Corp.

Mytec's shares shot up 76 percent, or C$2.21, on the Toronto Stock Exchange to close at C$5.10.

This establishes for investors the credibility of our technology because Smith & Wesson looked at other biometric encryption systems and ended up choosing Mytec's technology, said Mytec's Executive Vice-president Frank Chen.

The announcement coincides with a plethora of anti-gun lawsuits filed by 29 U.S. cities and counties against the gun industry, alleging they are partly to blame for inner-city violence.

Smith & Wesson, owned by the British conglomerate Tomkins PLC, holds about 25 percent of the U.S. handgun market and has invested about $5 million over the past four years to develop so-called smart-gun technology.

The U.S. government is pondering whether to give $10 million in federal grants to gun manufacturers to develop smart guns.

Chen said Mytec has been working with Smith & Wesson for the past nine months to develop a gun that can be fired only by the registered user.

``The gun will not fire until the fingerprint of the registered owner pulls the trigger. The trigger re-scans the fingerprint and in a millisecond will be able to tell if it's the registered owner,'' said Chen.

($1=$1.44 Canadian)

Deanne E. Benos
02/04/2000 08:27:34 AM

Record Type: Record

To:

cc:
Subject:

Thursday February 3, 11:26 pm Eastern Time

Mytec stock soars on Smith & Wesson 'smart' guns

TORONTO, Feb 3 (Reuters) - Shares of Canadian biometric technology firm Mytec Technologies Inc. (Toronto:MYT.TO - news) soared on Thursday after the company said it had integrated its fingerprint scanning technology into ``smart'' guns made by Smith and Wesson Corp.

Mytec's shares shot up 76 percent, or C$2.21, on the Toronto Stock Exchange to close at C$5.10.

This establishes for investors the credibility of our technology because Smith & Wesson looked at other biometric encryption systems and ended up choosing Mytec's technology, said Mytec's Executive Vice-president Frank Chen.

The announcement coincides with a plethora of anti-gun lawsuits filed by 29 U.S. cities and counties against the gun industry, alleging they are partly to blame for inner-city violence.

Smith & Wesson, owned by the British conglomerate Tomkins PLC, holds about 25 percent of the U.S. handgun market and has invested about $5 million over the past four years to develop so-called smart-gun technology.

The U.S. government is pondering whether to give $10 million in federal grants to gun manufacturers to develop smart guns.

Chen said Mytec has been working with Smith & Wesson for the past nine months to develop a gun that can be fired only by the registered user.

``The gun will not fire until the fingerprint of the registered owner pulls the trigger. The trigger re-scans the fingerprint and in a millisecond will be able to tell if it's the registered owner,'' said Chen.

($1=$1.44 Canadian)

Friday February 4 7:40 AM ET

White House Presses ATF Powers

By ANNE GEARAN Associated Press Writer

WASHINGTON (AP) - The Clinton administration is doing on a small scale what it has not yet convinced Congress or the gun industry to do on a large one - crack down on gun dealers who sell a disproportionate number of the weapons used in crimes.

President Clinton plans to release a report Friday backing up the White House claim that a small number of gun dealers are responsible for putting a large number of guns in the hands of criminals.

The Bureau of Alcohol Tobacco and Firearms study shows 1 percent of gun dealers account for 57 percent of guns the ATF can trace from use in a crime back to the point the gun was sold, said deputy domestic policy adviser Eric Liu.

With that in mind, Liu said the administration will extend the ATF's powers to check up on possible rogue dealers and trace stolen guns. The new powers, which do not require congressional approval, include intense inspections of the dealers most suspected of supplying criminals.

Also, a smaller number of suspect dealers will be required to provide information on the sale of used guns in the same way they now compile data for new guns.

``This is the best thing that can be done, short of new laws ... given the deadlock in Congress," said Sen. Charles Schumer, D-N.Y., and one of the most persistent voices in Congress for more gun control.

Schumer released two reports last year that also pointed to a relative handful of rogue or suspect dealers as the source of many criminals' guns.

The latest study showed that in 1998, 1,020 of the nation's 83,272 licensed gun dealers and pawnbrokers were each the source of at least 10 guns later traced to crimes, and 132 dealers were linked to 50 or more such guns. Not all the guns were sold directly by the suspect dealers - some were apparently lost or stolen and some passed through multiple hands before they were used in crimes.

Clinton's push for new gun control measures collapsed in Congress last year, despite what White House attempts to use public outrage over the Columbine shooting as leverage against the gun lobby.

The White House has pledged to renew the fight this year for trigger locks on handguns and for new laws governing the sale of guns at flea market-style gun shows.

The White House has also made little headway in its attempt to pressure the gun industry to negotiate with cities suing over the cost of gun violence. Representatives of both dealers and manufacturers met separately with White House officials after the administration threatened in December to help bring a national lawsuit, but neither side has had much to say since.

``We've been focused on trying to engage dealers and manufacturers who are serious about changing the way they do business,'' Liu said. He would not comment on whether the new ATF powers give the administration greater leverage in those negotiations.

A spokesman for the National Rifle Association, Bill Powers, said the new rules are pointless, because the government already has broad power to police dealers and raid those suspected of criminal conduct.

Printer-friendly format

Earlier Stories

- Clinton: Photo IDs for Gun Buys (January 27)

Search

Search: ◉ Stories ○ Photos ○ Full Coverage

Feb 03 | Feb 02 | Feb 01 | Jan 31 | Jan 30 | Jan 29 | Jan 28 | Jan 27 | Jan 26 | Jan 25

Home | Top Stories | Business | Tech | Politics | World | Local | Entertainment | Sports | Science | Health

---

Questions or Comments

Friday February 4 12:15 AM ET

Clinton to Target 'Bad Apple' Gun Dealers

By Randall Mikkelsen

WASHINGTON (Reuters) - President Clinton, stepping up his gun-control campaign, will announce steps on Friday to crack down on ``bad apple'' gun dealers who sell the largest share of weapons used in crimes, the White House said.

Clinton is to announce the measures in conjunction with the release of a federal study finding that slightly more than 1 percent of the 83,272 federally licensed gun dealers in 1998 had sold more than half of the guns used in crimes.

``While the majority of gun dealers are law-abiding business people who recognize the importance of helping law enforcement identify gun criminals, today's report shows the need to focus resources on the relatively small number of dealers and pawnbrokers who are the source of most of the traced guns,'' said an advance White House document on the report.

The president has put gun control high on his agenda this year, helping to highlight an issue for Vice President Al Gore (news - web sites) and other Democrats seeking election against Republican rivals who are often wary of gun-control measures.

In an effort to stop criminals from getting guns, Clinton will order the federal Bureau of Alcohol, Tobacco and Firearms to conduct ``focused inspections'' of the 1,160 dealers who had 10 or more crime guns traced to them in 1999, said Eric Liu, deputy domestic policy director at the White House.

The agency also will require the 450 dealers who sold 10 or more guns used in crimes within three years of the sale to give it tracing information on all sales of used guns.

To help control loss or theft of guns from dealers, the agency will propose new regulations requiring dealers to report any discrepancies in inventory to the ATF and to report any loss of guns in shipment within 48 hours.

The agency can shut down dealers found to be egregious violators, but Liu said the Clinton administration has sought to give the agency more

Full Coverage

See a Yahoo! special report on **Gun Control Debate**

Related News Stories

- Key gun curb on hold - Denver Post (Feb 3, 2000)
- Colorado senate supports strong background checks - Denver Post (Feb 2, 2000)
- Gun industry rejects settlement effort - Denver Post (Feb 1, 2000)
- Vt. Bill targets people without guns - Boston Globe (Feb 1, 2000)
- Gun Talks Stall After White House Meeting Fails - Reuters (Jan 31, 2000)

More In Full Coverage

Related Web Sites

- Gun Laws in the U.S. - From CNN.
- National Rifle Association (NRA)
- Handgun Control and The Center to Prevent Handgun Violence - organization working for stricter gun controls.
- Outgunned: How the Network News Media Are Spinning the Gun Control Debate - report that alleges a pro-gun control bias in the media.
- America's Weapons of Choice - statistical data on guns.

More In Full Coverage

Opinion & Editorials

- Guns 'R' Us, and we're lethal - Miami Herald (Feb 3, 2000)
- Creating hysteria over guns - Washington Times (Jan 31, 2000)
- Anderson begs for oppression - Denver Post (Jan 30, 2000)

Magazine Articles

- Hair Triggers, High Margins -

Liu said the Clinton administration has sought to give the agency more authority to apply lower-level forms of pressure such as multiple inspections.

Clinton on Friday will also urge Congress to pass his $280 million proposal to hire more ATF agents and more prosecutors to focus on gun crimes, and to pass his gun-control proposals, Liu said.

``He's going to call on everybody to help do their part to keep guns out of the wrong hands," he said.

The federal study was conducted by the ATF and found that 1.2 percent of all licensed dealers in 1998 sold 57.4 percent of the guns used in crimes. The dealers' presence on the list made their practices ``suspect," but some may be law-abiding and not necessarily at fault, Liu said.

``In many cases it may be the dealer is in fact a bad apple dealer and engaged in gun trafficking with an intent to sell to criminals. In other instances though, it may have more to do with just the fact that this particular dealer, who's a law abiding dealer, runs a high-volume business in an area where guns end up in crimes," he said.

New York Democratic Sen. Charles Schumer, who conducted similar studies last year using ATF data, was more blunt in characterizing the dealers.

``These 1 percent of dealers obviously are selling to people they know are gun runners, they know are giving fake ID's, but they just look the other way," he said.

``These are bad eggs," Schumer said. ``It's spread throughout the country."

Printer-friendly format

Earlier Stories

- Clinton Seeks to License Handgun Buyers (January 27)

- Hair Triggers, High Margins - Mother Jones (Jan 27, 2000)
- Economist John Lott discusses the benefits of guns - (Jan 6, 2000)
- Cold Comfort: An Interview with John R. Lott - Reason (Jan 1, 2000)

Audio

- Illinois Lawmakers Discuss Controversial Gun Law - NPR (Dec 15, 1999)
- US threatens lawsuit against gun makers - NPR (Dec 9, 1999)
- Gun Sellers Find Loopholes in Calif. Assault Weapon Law - NPR (Nov 29, 1999)

More In Full Coverage

Video

- "Owners may have to pass a test to prove they're responsible" - BBC (Aug 13, 1999)
- A look at the NAACP lawsuit - CNN (Jul 13, 1999)
- House votes for weaker Gun bill - ABC (Jun 18, 1999)

Message Boards

- Yahoo!: Gun Control Debate
- CNN: Guns Under Fire
- SeattleInsider.com: Gun Control

Related Full Coverage

- School Violence

Yahoo! Categories

- Brady Handgun Violence Prevention Act
- Bureau of Alcohol, Tobacco, and Firearms
- Firearms Policy

More In Full Coverage

Search

Search: Stories Photos Full Coverage

Feb 03 | Feb 02 | Feb 01 | Jan 31 | Jan 30 | Jan 29 | Jan 28 | Jan 27 | Jan 26 | Jan 25

Home | Top Stories | Business | Tech | Politics | World | Local | Entertainment | Sports | Science | Health

Questions or Comments

Anna Richter
02/04/2000 12:55:39 AM

Record Type: Record

To: Leanne A. Shimabukuro/OPD/EOP@EOP, Deanne E. Benos/OPD/EOP@EOP

cc:
Subject: Foxy Butterfield....

Firearms Agency Intensifies Scrutiny of Suspect Dealers

By FOX BUTTERFIELD

The federal Bureau of Alcohol, Tobacco and Firearms is embarking on the most aggressive campaign in its 30-year history to crack down on corrupt gun dealers who help put firearms in the hands of criminals and juveniles, White House and Treasury Department officials said yesterday.

The new enforcement campaign, to be announced by President Clinton at the White House today, will use information developed by the firearms bureau in tracing guns used in crimes. As a byproduct of the tracing, the bureau discovered that just 1.2 percent of federally licensed firearms dealers, 1,020 of them, originally sold 57 percent of the guns used in crimes.

The firearms agency will now intensify its inspections of these suspect dealers, some of whom have not been checked in years. It will also require that some suspect dealers start providing records for the first time of sales of used guns, not just new guns.

The bureau will also require a much fuller and prompter accounting of sales by dealers who claim that many of their guns were stolen or simply disappeared. And it will provide for revoking the licenses of the 31 percent of dealers who say they have not sold any guns in the past year, a possible sign, officials said, that those dealers are actually selling to illegal gun traffickers for a higher price.

"This is a real sea change," said Stuart E. Eizenstat, the deputy secretary of the treasury. "In the lifetime of the A.T.F., this is by far the most aggressive effort it has ever undertaken to deal with suspect dealers."

Under the new program, the firearms bureau will also provide a list, to any manufacturer that asks for it, of that company's guns that have been traced to a crime in the previous year, along with the name of the dealers who sold them.

Gun makers have long contended that they have no way of knowing what happens to their firearms after they leave the factory and so have no way to police their distributors and retailers.

"They will no longer have this little excuse," an administration official said.

In the past, the firearms bureau has been a cautious agency, often under attack by the National Rifle Association and its supporters in Congress, and agents who demonstrated zeal in targeting corrupt dealers were often subject to internal criticism or had their careers truncated, agents say.

The stepped-up enforcement program against suspect dealers presents a challenge to the rifle association and its backers in Congress. Officials of the rifle group have said repeatedly in recent months that the government should enforce existing gun laws rather than adopt new gun-control measures.

And Bruce Reed, the president's adviser for domestic policy, said, "With our actions, we are giving Congress a chance to put its money where its mouth is."

But Bill Powers, the rifle association's director of public affairs, dismissed the announcement of the new plan as a publicity stunt that would do nothing to reduce violent crime. "There is nothing new here," he said, adding that "they already have the authority" to do all the things outlined in the plan.

"It is painfully obvious that Bill Clinton and Al Gore don't like people who sell guns, or who own them either," Mr. Powers said. "When you are not doing anything, hold a press conference."

Mr. Clinton's announcement today is part of a broader effort by the administration to expand its gun-control efforts, Mr. Eizenstat said. Last month, Mr. Clinton said he would ask Congress for 500 more agents for the firearms bureau, which as a result of N.R.A. pressure over the years is no larger today than it was when it was established.

The president is also expected to try to win passage this year of a bill to require background checks on all handguns sold at gun shows, a bill that passed the Senate last year but died in the House.

Mr. Clinton's announcement is to be accompanied by the release of what administration officials said would be the first in an annual series of comprehensive reports on the state of the gun industry. The report shows that about 4.5 million new guns are sold in the United States each year, but that the number of handguns has increased from only 10 percent of all firearms sales in the 1940's to more than 40 percent today. Handguns account for the vast majority of gun deaths each year.

The number of federally licensed dealers surged to 284,117 in 1992 from 161,927 in 1975, largely during the Reagan and Bush administrations, making it harder for the A.T.F. to regulate the gun business, since its own number of agents did not increase, the report said.

But after Mr. Clinton became president, and with tougher criteria to maintain a firearms license, the number dropped to 103,942 in 1999, of which 80,570 are actual gun stores or pawnshops and not people selling from their homes.

But the report found that while 46 percent of the dealers had not sold a gun in the previous year in 1992, last year 31 percent of all gun stores and pawnshops reported they had not sold a gun in the past 12 months.

"That is too high a number," said an administration official. "These kinds of dealers have the opportunity to buy large numbers of guns at wholesale prices and then sell them in the illicit market at a steep mark up."

Under the new regulations, every three years, when a dealer applies to renew his license, he will have to show how many guns he has sold in the previous three years, and if he is not actively engaged in the business, his application may be denied.

The report also found that in addition to the 1,020 dealers who are responsible for 57 percent of all the crime guns traced by the bureau, there are 450 dealers and pawnbrokers who sold more than 10 guns in 1998 with what the agency calls "a short time to crime," guns that ended up being used in a crime in less than three years from the date of purchase. The average time to crime is six years.

These dealers, who in some cases may also be in the group with a high volume of crime guns, will now be required to report information to the bureau on their sales of used guns. The agency has had great difficulty tracing secondhand guns because while it may know the name of the original dealer and purchaser, the chain is broken after the gun is resold.

"I think these actions are wonderful news and smart law enforcement," said Dr. Garen Wintemute, director of the Violence Research Project at the University of California at Davis and an emergency-medicine physician. "The A.T.F. is using its new information from gun tracing in a very focused way."

"From a prevention standpoint, the good news is that the number of suspect dealers is very limited, so given A.T.F.'s resources, it can concentrate on these few," said Dr. Wintemute, who has helped analyze some of the tracing information.

Q: **How will the actions ATF is taking on licensed gun dealers – those from the legal gun market -- impact illegal gun trafficking?**

A: These initiatives which will first impact licensed gun dealers will significantly improve ATF's ability to trace crime guns, identify traffickers and straw purchasers, initiate trafficking investigations, and help to curtail the illegal gun market that supplies felons, juveniles and other prohibited persons with guns. The actions will also help law enforcement to prevent and respond to ~~armed~~ gun crime.

Q: **If evidence suggests that gun dealers are a definitive source of crime guns, why is the Administration only now proposing the increase the number of ATF inspectors?**

A: Over the last few years, we have made tremendous strides in our understanding of the firearms market. We have learned a great deal in particular about the practice of trafficking in firearms and the role licensed gun dealers have in this problem. Our budget reflects that greater knowledge – we've been providing steady increases to ATF since 1997. Moreover, the President recently announced his proposal for the largest ever increase to the ATF budget in the agency's history.

Q: **Does the report say anything about the size of the U.S. firearms industry?**

A: The U.S. firearms manufacturing industry has product shipments valued at just over $1 billion per year, and hires about 10,000 employees. A related industry, small arms ammunition ships products valued at $850 million and hires about 7,000 employees.

Importers?

Gun Departure Statement
Questions and Answers

Q: What are the key findings of the Report?

A: A relatively small number of active retail dealers and pawnbrokers are the source of a substantial proportion of traced crime guns. The majority (57.4 percent) of firearms traced in 1998 were sold by only 1,020 of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced to them in 1998. In addition, a small number of retail dealers and pawnbrokers repeatedly fail to cooperate with trace requests.

Q: What actions are ATF proposing to take with respect to those dealers who have a large number of crime gun traces?

How is this different from Schumer?

A: ATF will focus its inspection efforts on retail dealers and pawnbrokers that had 10 or more firearms traced to them in 1999, and take appropriate action against them where needed. These dealers will be subject to extensive inspections, where ATF inspectors will look at all of the dealer's records, take an inventory of the store, and review numerous other factors to ensure that the dealer is operating properly. (violators and lawabiding guns dealers.)

Q: Does this mean that ATF isn't currently focusing inspection efforts on dealers with high numbers of crime gun traces?

A: ATF already ~~has already started to~~ targets inspection efforts on dealers with high numbers of crime gun traces. But today's report and regulatory actions lay out a rationale and a systematic approach ATF will take to conduct focused inspections on the 1,000 gun dealers with 10 or more crime guns traced back to them.

Q: Why isn't ATF focusing its resources on investigating armed criminals instead of gun dealers?

A: Criminal investigation of armed criminals is central to ATF's anti-trafficking strategy. However, today's actions focus on ATF's regulatory enforcement programs to prevent firearms trafficking. This is only one element of this Administration's multi-faceted enforcement strategy.

Q: Why is ATF requesting information secondhand guns from certain dealers?

A: Used guns make up a substantial proportion of the firearms sold by some federal firearms licensees (FFLs). Currently, ATF can rarely trace these guns because of limitations in the tracing system. The information ATF is obtaining from these licensees will assist in the tracing of secondhand guns used in crime.

Q: If dealers are not complying with the statutory requirement to respond to ATF within 24 hours of a trace request, why isn't ATF revoking their licenses?

A: ATF has made every effort to work with uncooperative dealers; however, there is a small number who still refuse to comply with the tracing requirements of the law. ATF will inspect all dealers who do not comply with the tracing requirements, and will take appropriate action when they find that the dealers have violated the law.

Q: Won't ATF use these records to create a national firearms registry?

A:. No. ATF is requesting comprehensive information about firearms transactions from a very small group of uncooperative licensees. These records will be preserved separately and accessed through a separate indexing system of firearms serial numbers. The records ATF will receive from the larger group of firearms licensees pertain only to information about secondhand firearms, and will not include names of any purchasers.

Q: If ATF accomplishes everything set forth today, is additional legislation still necessary?

A: Yes, Today's actions are but one step in this Administration's comprehensive approach to reducing gun crime and violence. The measures announced today are regulatory efforts aimed at retail dealers and pawnbrokers. Effective enforcement of existing laws through regulatory and criminal enforcement is an important part of our overall strategy to reduce firearms violence; moreover, the President's budget proposes the largest ever increase for firearms enforcement. However, the Administration also has proposed legislation that will help law enforcement strengthen enforcement of our gun laws as well as address firearms safety issues.

Q. Does ATF have the resources and personnel to conduct 1,000 inspections?

A. Yes. But the Administration's new firearms enforcement budget proposal -- which includes a significant increase for ATF inspectors and agents --would provide a tremendous boost to today's announcement.

- **Inspecting Disproportionate Sources of Crime Guns.** While many gun dealers linked to large numbers of crime guns may be in full compliance with the law, the quick or frequent diversion of guns to illegal markets from some dealers is a cause for serious concern. Accordingly, the ATF will conduct focused inspections of the 1,000 gun dealers who had 10 or more crime guns traced to them in 1999. ATF will also require the 450 current dealers that had 10 or more crime guns traced to them with a "time-to-crime" of less than three years from the original sale to provide ATF with information on all used guns offered for sale. This will enable ATF to trace used guns if they are later used in crime. Strong enforcement action will be taken against dealers found to be violating the law. At the same time, ATF will also work closely with law-abiding gun dealers to develop new procedures to prevent illegal trafficking.

- **Targeting Uncooperative Dealers.** Some dealers fail to respond promptly to ATF crime gun trace requests, or keep poor records, severely eroding the ability of law enforcement to apprehend and prosecute gun criminals. In response, ATF will conduct focused inspections of the 50 dealers with the worst response records, and will issue demand letters requiring them to regularly submit all firearms acquisition and disposition records.

- **Focusing on Stolen Firearms.** In FY 1999, 1,290 crime guns were traced back to licensed gun dealers (federal firearms licensees, or FFLs) who claimed that the firearms were shipped but never received. To enhance reporting of theft or loss, and to better track stolen and missing firearms, ATF will propose a new rule requiring all FFLs to conduct regular inventories and report discrepancies to ATF. ATF will publish a second rule requiring FFLs who ship firearms to report any firearms lost or stolen in transit within 48 hours.

- **Helping the Industry Increase Accountability.** To help manufacturers and importers to monitor the distribution of their firearms and learn whether particular models are frequently used in crime, ATF will provide to manufacturers, upon request, a list by serial number of firearms they sold that were traced as crime guns during the previous year.

FIGHTING FOR PASSAGE OF COMMON SENSE GUN LEGISLATION AND THE MOST AGGRESSIVE FIREARMS ENFORCEMENT INITIATIVE IN HISTORY. The President today will also highlight additional proposals to keep guns out of the wrong hands. In his State of the Union Address, President Clinton called for state-based licensing for all handgun purchasers to ensure that all buyers are eligible to possess a firearm and know how to safely handle and store their gun. In addition, the President has proposed an unprecedented $280 million gun enforcement initiative to hire 500 new ATF agents and inspectors, over 1,000 new federal, state and local gun prosecutors, and fund comprehensive crime gun tracing and increased ballistics testing to catch and prosecute more gun criminals. The President's budget also includes $10 million to support research in "smart gun" technologies that can limit a gun's use to its authorized owner. Finally, the President will emphasize again that it is long past time for Congress to pass common-sense gun measures to close the gun show loophole, ban the importation of large capacity ammunition clips, and require child safety locks.

PRESIDENT ANNOUNCES LANDMARK REPORT ON GUN INDUSTRY AND BOLD ACTIONS TO CRACK DOWN ON ILLEGAL TRAFFICKING

February 4, 2000

President Clinton today, joined by Treasury Secretary Lawrence Summers, will release a new report from the Bureau of Alcohol Tobacco and Firearms (ATF) that provides the most comprehensive overview ever of the firearms industry. The President will also announce landmark regulatory actions that ATF will take to bolster enforcement efforts, and focus on problem dealers, in order to prevent the diversion of firearms from these dealers into the hands of criminals. Among the report's key findings is that 1.2 percent of gun dealers account for 57 percent of the total number of crime gun traces. With this report in hand, the President will announce several executive actions to help crack down on problem dealers and halt illegal firearms trafficking.

GROUNDBREAKING REPORT ON FIREARMS INDUSTRY. Today, the President will announce the first annual report on Commerce in Firearms in the United States. The report provides never-before released data on the gun industry and ATF's enforcement of the nation's firearms laws. Some of the report's key findings include:

- **One Percent of Gun Dealers Account for 57 percent of Crime Gun Traces.** The majority (57.4 percent) of firearms traced by law enforcement to gun dealers active in 1998 were sold by 1,020 (1.2 percent) of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced back to them, and 132 of these dealers had 50 or more crime guns traced.

- **Handguns Account for Nearly Half of All New Gun Sales – About 2 Million Per Year.** Fifty years ago, handguns represented only one out of every 10 new gun sales. Now they account for more than four out of 10. Handguns are the weapons of choice in the commission of gun crimes; two-thirds of all homicides are committed with hand guns.

- **Industry Impacted by Stricter Laws.** The number of licensed firearms manufacturers, importers, distributors, dealers and collectors peaked at 284,000 in 1994 and has declined to 104,000 today. This decline followed implementation of stricter manufacturer and dealer licensing requirements set forth in the 1993 Brady Act and the 1994 Crime Act. Domestic product shipments in 1997 were valued at about $1.2 billion.

TAKING EXECUTIVE ACTION TO HALT ILLEGAL GUN TRAFFICKING. As part of his strategy to use every tool possible to reduce gun violence, the President today will announce new enforcement actions that the ATF will take to focus on problem gun dealers in order to prevent guns from entering into the illegal firearms market. While the vast majority of gun dealers are law-abiding businesspeople who recognize the importance of helping law enforcement identify gun criminals, today's report shows the need to focus resources on the relatively small number of dealers and pawnbrokers who are the source of most of the traced crime guns. With these new actions, ATF will target enforcement and inspection resources on those dealers who have high numbers of crime gun traces, whose guns quickly turn up in crimes after sale, and who have a poor record of cooperation with law enforcement. These actions include:

OFFICE OF THE ASSISTANT GENERAL COUNSEL
(ENFORCEMENT)
DEPARTMENT OF THE TREASURY
15TH AND PENNSYLVANIA AVENUE, N.W., ROOM 2000
WASHINGTON, D.C. 20220

FAX: (202) 622-1944
TEL: (202) 622-0670

DATE:

TO: Leon / Dean

ADDRESSEE'S FAX NUMBER:

FROM:

NUMBER:

NUMBER OF PAGES TO FOLLOW:

Comments / Special Instructions:

Questions and Answers on the Commerce in Firearms Report

Q. Why is ATF issuing a Report on Commerce in Firearms in the United States?

A. The Report provides important data that will help the public understand the firearms industry and ATF's enforcement of the firearms laws.

Q. What are the key findings of the Report?

A. A relatively small number of active retail dealers and pawnbrokers are the source of a substantial proportion of traced crime guns. The majority (57.4 percent) of firearms traced in 1998 were sold by only 1,020 of the 83,272 licensed retail dealers and pawnbrokers. Each of these dealers and pawnbrokers had 10 or more crime guns traced to them in 1998. In addition, a small number of retail dealers and pawnbrokers repeatedly fail to cooperate with trace requests.

Q. What actions is ATF proposing to take with respect to those dealers who have a large number of crime gun traces?

A. ATF will focus its inspection efforts on retail dealers and pawnbrokers that had 10 or more firearms traced to them in 1999, and take appropriate action against them where needed.

Q. Why is ATF requesting information about FFLs' dispositions of secondhand guns?

A. Used guns make up a substantial proportion of the firearms sold by some licensees. Presently ATF can rarely trace these guns because of limitations in the tracing system. The information ATF is obtaining from these licensees will assist in the tracing of secondhand guns used in crime.

Q. How did ATF determine which licensees received demand letters for information about secondhand guns?

A. We are sending demand letters to dealers who had 10 or more crime guns with a time-to-crime of three years or less traced to them in 1999. The time-to-crime is the time between the initial retail sale of a firearm by an FFL and its recovery as a crime gun.

Q. **Why is time-to-crime relevant?**

A. When a gun moves much faster than the six-year average from the FFL to the scene of a crime, we know from investigative experience that there may be illegal trafficking.

Q **What is ATF doing about dealers who do not cooperate with trace requests?**

A. We will take steps to ensure that we are able to trace the guns transferred by uncooperative retail dealers and pawnbrokers by requiring them to submit records of their firearms acquisitions and dispositions.

Q. **Does this mean that ATF will no longer have to contact these uncooperative dealers in order to complete crime gun traces?**

A. ATF will continue to expect these dealers to comply with the law by responding to crime gun trace requests within 24 hours. This information will, however, enable ATF to verify the FFLs' responses to trace requests and quickly trace firearms sold by these dealers if they continue to be uncooperative.

Q. **If dealers are not complying with the statutory requirement to respond to ATF within 24 hours of a trace request, why isn't ATF revoking their licenses?**

A. ATF has made every effort to work with uncooperative dealers; however, there is a small number who still refuse to comply with the tracing requirements of the law. We will inspect all dealers who do not comply with the tracing requirements, and will take appropriate action when we find that they have violated the law.

Q. **Isn't it true that ATF will use these records to create a national firearms registry?**

A. No. ATF is requesting comprehensive information about firearms transactions from a very small group of uncooperative licensees. These records will be preserved separately and accessed through a separate indexing system of firearms serial numbers. The records we will receive from the larger group of firearms licensees pertain only to information about secondhand firearms, and will not include names of purchasers.

Q. **What will ATF do about stolen guns that end up in the illegal market?**

A. We will propose regulations to require FFLs to identify and report shortages in their inventory to ATF, as well as to report thefts and losses that occur in shipment. This will enable us to quickly focus our resources to combat illegal trafficking in stolen guns.

Q. **How can ATF require dealers to submit inventories?**

A. ATF is not requiring dealers to submit their inventories. Dealers are already required to maintain accurate records of the acquisition and disposition of firearms and report the loss or theft of firearms to ATF. Requiring dealers to conduct periodic inventories will assist them in fulfilling these obligations.

Q. **If ATF accomplishes everything set forth in the Director's memorandum, is additional legislation still necessary?**

A. This report focuses on regulatory efforts aimed at retail dealers and pawnbrokers. Effective enforcement of existing laws through regulatory and criminal enforcement is an important part of our strategy to reduce firearms violence. However, the Administration has proposed legislation that addresses a number of other important firearms enforcement and safety issues.

Q. **Does ATF have the resources and personnel to conduct 1,000 inspections?**

A. Yes. However, there is a trade-off. By focusing its inspection efforts on these licensees, ATF's ability to complete other program areas may be curtailed.

Q. Does ATF support new legislation to change the gun laws with regard to the secondary market?

A. ATF supports proposed legislation that would close the gun show loophole by requiring Brady background checks for all firearms sales at gun shows.

Q. What does ATF hope to gain by focusing on these retail dealers and pawnbrokers?

A. These initiatives will significantly improve ATF's ability to trace crime guns, initiate trafficking investigations, curtail the illegal gun market that supplies convicted felons, unauthorized juveniles and other prohibited persons, and help law enforcement to prevent and respond to armed crime.

Q. Why is ATF harassing law-abiding dealers?

A. ATF is not harassing law-abiding dealers, but is merely requiring dealers to comply with current legal requirements.

Q. Why isn't ATF focusing its resources on investigating armed criminals?

A. Criminal investigation of armed criminals is central to ATF's anti-trafficking strategy. However, this report focuses on ATF's regulatory enforcement programs to prevent firearms trafficking. This is only one element of a multi-faceted enforcement strategy.

Q. Will ATF take a role in training handgun purchasers under the President's licensing proposal?

A. Gun safety is a critical part of gun ownership. ATF recognizes the importance of training handgun purchasers in the safe handling and storage of firearms. However, the details of this legislative proposal have not yet been worked out.

Q. What is ATF's role in the litigation brought by the cities against firearms manufacturers?

A. ATF is not a party to this litigation. If requested, ATF will use its expertise in the firearms area to assist the parties in moving the process forward and resolving the litigation.

FACSIMILE COVER SHEET
DEPARTMENT OF THE TREASURY
OFFICE OF ENFORCEMENT

Date: February 3, 2000

Pages: 6 **including this sheet**

TO: Deanne and Leanne

Fax #: 456-7028

Phone #:

FROM: Susan Ginsburg

Phone #: 202-622-1496

Fax #: 202-622-1452

Message:

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 authori the Secretary to conduct inspections to ensure compliance wit the Act. The statutory qualifications for a licensee are tha 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 regula efforts by past Administrations, leave us with a situation w 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, a a great number of these persons probably should not be licen 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. Clinton

OFFICE OF THE ASSISTANT GENERAL COUNSEL
(ENFORCEMENT)
DEPARTMENT OF THE TREASURY
15TH AND PENNSYLVANIA AVENUE, N.W., ROOM 2000
WASHINGTON, D.C. 20220

FAX: (202) 622-1944
TEL: (202) 622-0670

DATE:

TO: Leam

ADDRESSEE'S FAX NUMBER:

FROM: Steve McFfh

NUMBER:

NUMBER OF PAGES TO FOLLOW:

Comments / Special Instructions:

Not much here, but
there is something

EXECUTIVE SUMMARY

Each year, about 4-1/2 million new firearms, including approximately 2 million handguns, are sold in the United States. An estimated 2 million secondhand firearms are sold each year as well. A critical part of ATF's mission is to prevent diversion of these firearms from the legal to the illegal market, and to keep them out of the hands of criminals, unauthorized juveniles and other prohibited persons under the Gun Control Act. This report presents data on the firearms market and describes ATF's regulatory enforcement programs to prevent firearms trafficking. Criminal investigation, which is also central to ATF's anti-trafficking work, is discussed in separate reports.[1]

Federal Firearms Licensees (FFLs). Because firearms manufacturers, importers, distributors and dealers produce and handle weapons, Congress requires them to obtain licenses from ATF. ATF screens applicants and oversees licensees to ensure that they comply with the firearms laws. From 1975 to 1992, the licensee population grew from 161,927 to 284,117. In 1992, a large number of retail licensees were not actively engaged in a firearms business. Many others used their licenses only to buy firearms across State lines at wholesale prices. The growing licensee population strained enforcement resources, and the inactive licensees were holding licenses meant only for those engaged in the firearms business. In 1993 and 1994, Congress added several safeguards to ensure that only legitimate gun dealers obtain Federal licenses, including increased fees and certification requirements. Following ATF's implementation of those provisions, the number of Federal firearms licensees dropped from 284,117 in 1992 to 103,942 in 1999, of these 80,570 are retail dealers or pawnbrokers. ATF is now able to target its resources more effectively because of the smaller licensee population, and this will help ensure that only legitimate businesses are licensed. Despite the decline, 31 percent of retail licensees in 1998 had not sold a gun in the previous year.

Anti-Trafficking Enforcement. This report highlights two developments in the past five years that have brought law enforcement and the firearms industry into a new era in reducing illegal access to guns. First, the Brady Handgun Violence Prevention Act of 1993 prevents prohibited persons from buying guns from licensed firearms dealers by requiring these dealers to run background checks on purchasers. Since the establishment of the National Instant Criminal Background Check System (NICS) in November 1998, over 10 ~~million~~ transactions have been processed and 89,836 unlawful firearms transfers denied. X

Second, ATF has intensified its focus on illegal gun trafficking, aided substantially by the expanded tracing of crime guns by State and local law enforcement officials, as well as Congressionally mandated reporting of firearms stolen from FFLs. Tracing enables law enforcement to solve individual crimes by linking suspects to weapons and to identify broader trafficking patterns. Trace information can indicate, for instance, that a purchaser — possibly a straw purchaser or other unlicensed seller — is repeatedly buying firearms from a dealer, or that crime guns from a particular area are repeatedly originating from a particular licensed dealer.

[1] For recent reporting on criminal investigations involving the diversion of firearms by licensed and unlicensed dealers, see the *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999 (analyzing 648 illegal trafficking investigations involving youth and juveniles and more than 26,900 firearms); and *Gun Shows: Brady Checks and Crime Gun Tracing*, Department of the Treasury and Department of Justice, January 1999 (analyzing 314 illegal trafficking investigations involving gun shows and more than 54,000 firearms).

In 1993, recognizing the significant potential of tracing and pursuant to a Presidential directive, ATF began a concerted effort to increase crime gun tracing and trafficking enforcement and to demonstrate the value of tracing to state and local law enforcement agencies. In 1996, President Clinton directed ATF to further strengthen crime gun tracing and enforcement efforts through the Youth Crime Gun Interdiction Initiative, a program in which a jurisdiction commits to tracing all recovered crime guns. Seventeen cities participated in the first year, and 38 are participating in FY 2000. Since 1993, the number of law enforcement trace requests has increased from 55,000 to over 200,000.

As a result of increased crime gun tracing, ATF has identified a series of trafficking indicators that signal whether an FFL or retail purchaser should be investigated for trafficking. These indicators include multiple crime gun traces, sometimes associated with multiple purchases, short time-to-crime traces where the gun is used in a crime within three years after its retail sale, incomplete trace results due to an unresponsive FFL, and reports of lost or stolen guns, among others. Of course, crime gun traces to a dealer do not necessarily indicate illegal activity by the dealer or its employees. Nevertheless, when trafficking indicators are present, it is important to find out why guns are falling into criminal hands and to take action against all violations of law.

ATF's tracing data and analysis has allowed ATF to strengthen both its criminal and regulatory enforcement programs. Most significantly for regulatory enforcement purposes, ATF's tracing data has shown that a small number of dealers account for a large proportion of the firearms # crime guns traced from crimes. Just 1.2 percent of dealers—1,020 of the approximately 83,200 licensed retail dealers and pawnbrokers—accounted for over 57 percent of the crime guns traced to current dealers in 1998. And just over 450 licensed dealers in 1998 had 10 or more crime guns with a time-to-crime of three years or less traced to them. ATF is now ~~targeting enforcement~~ and inspection resources at dealers such as these, as well as making crime gun trace analysis available to criminal investigators. By following up on crime gun trace information and other trafficking indicators, ATF can determine the reasons for diversion of firearms from this relatively small proportion of dealers to the illegal market and take regulatory and criminal enforcement actions that will curb this illegal flow of guns. This targeted enforcement should yield significant results: preventing diversion from this concentrated group of dealers will curtail a significant portion of the illegal market in firearms.

crimes committed with these guns

were required to have a State or local firearms license, only about 60 percent of these were complying with the requirement.[22] Within a year of the Crime Act's passage, which required that licensees certify compliance with all applicable State and local ordinances, license holders declined, at an average monthly drop of 5,000, to approximately 191,000. The ATF-local law enforcement partnerships established to enforce this requirement brought about significant declines in many cities, as is illustrated in Table 10.

Table 10

CHANGE IN LICENSEE POPULATION IN SELECTED CITIES

CITY	Year	Number	Year	Number	Percent Change
Baltimore, MD	1993	114	1996	62	- 46
Berkeley, CA	1993	34	1996	2	- 94
Boston, MA	1994	119	1996	36	- 70
Denver, CO	1/1994	372	7/1994	139	- 63
Detroit, MI	1992	468	1996	92	- 80
Los Angeles, CA	1993	4436	1996	2247	- 49
Louisville, KY	1993	450	1996	165	- 63
New Orleans, LA	1995	90	1996	39	- 57
New York, NY	1993	987	1996	259	- 74
Pueblo, CO	1993	109	1996	44	- 60
San Antonio, TX	1994	1108	1996	528	- 52
San Francisco, CA	1993	155	1996	10	- 94
Washington, D.C.	1993	55	1997	11	- 80

Source: Bureau of Alcohol, Tobacco and Firearms

Impact of the Licensing Reforms on the Characteristics of the Licensee Population

Table 11 shows the composition of the licensee population.

Table 11

Type of Licensee	Number	Percent
Firearms manufacturers	1,639	2
Ammunition manufacturers	2,247	2
Retail gun dealers	71,290	69
Pawnbrokers	10,035	10
Collectors of Curios and Relics	7,763	17
Importers and Others	968	<1

Source: Bureau of Alcohol, Tobacco and Firearms

In 1998, ATF conducted an inspecting program, "Snapshot",[23] which involved inspecting a random sample of retail dealers and pawnbrokers. This initiative disclosed that 44 percent of dealers operated out of commercial premises and 56 percent out of residential premises (down from 74 percent in 1992). Twenty-five percent of the 44 percent in commercial premises were gunshops or other shops whose primary business was sporting goods, hardware and the like. The remainder were located in businesses such as funeral homes and auto parts stores, and other businesses not normally associated with a gun business. About 68 percent of the residential dealers were located

[22] See *Operation Snapshot: An Analysis of the Retail Regulated Firearms Industry*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, 1993 (*"Snapshot 1993"*).

[23] See *Operation Snapshot: An Analysis of the Retail Regulated Firearms Industry*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, 2000 (*"Snapshot 2000"*). Snapshot is a survey conducted by ATF of a randomly selected sample of the retail dealer population, conducted for the first time in 1992 (retail dealers only), and conducted again in 1998 (retail dealers and pawnbrokers). Snapshot is able to identify characteristics of the licensee population with a precision rate of plus/minus 5 percent and a confidence level of 95 percent. Thus, if Snapshot indicates that 26 percent of dealers operate from a commercial location, the true percentage rate of dealers having commercial premises is somewhere between 21percent and 31 percent of the entire population.

in rural areas in 1998. At that time, about 36 percent of pawnbrokers and about 15 percent of other retail dealers were located in urban areas. Finally, about 5 percent of the total dealer population were gunsmiths.

Benefits Associated with the Licensing Reforms

The sharp decline in the number of licensees produced some important benefits. First, because of the reduction in the number of dealers, ATF has been able to focus its inspection efforts on viable dealers. ATF currently has just over 440 field inspectors. They perform regulatory compliance work relating to each of the industries regulated by ATF, including alcohol, tobacco and explosives, as well as firearms. The percentage of full time equivalent (FTE) staff positions (measured in annual hours) allocated to the firearms program gradually increased from 30 percent in 1991 to a high of 58 percent in 1996. In 1997 and 1998, the allocation dropped to 46 percent because inspectors were redirected to ATF's explosives program following the 1995 Oklahoma City bombing. For FY 1998, approximately 200 FTE inspector positions were dedicated to firearms field inspections. Other inspectors operate the NLC and support firearms programs in a variety of ways. The size of the inspection workforce has not changed significantly since ATF was established as a bureau of the Department of the Treasury in 1972. The number of licensees, on the other hand, grew from about 161,000 in 1975, to about 284,117 in 1992. The reduction of licensees to closer to 100,000 will enable ATF to inspect a higher proportion of licensees.

Over the past year, there has been an increase in the number of collector licenses, from 14,875 on October 1, 1998 to 17,763 as of October 1, 1999. A curio or relic is defined as a firearm that is of special interest to collectors by reason of some quality other than is associated with firearms intended for sporting use or as offensive or defensive weapons. Generally, these firearms are at least 50 years old, but they may be of more recent manufacture in some circumstances. Collectors of curios or relics are not required to prepare ATF Forms 4473 if they sell a curio or relic firearm, nor are they required to conduct NICS checks on purchasers.

In addition, the licensing reforms have reduced the number of dealers that cannot be located immediately during a crime gun trace because they have moved their residence, or that are otherwise non-compliant with recordkeeping requirements. On the other hand, these steps have had no noticeable effect on law-abiding citizens' access to firearms. There are still many licensed dealers, about one for every 2,487 adults in the United States. Moreover, as shown in the first section of this report, the number of new guns purchased in the last several years is fairly close to the average level of gun sales in the 1980's.

Issues Concerning the Licensee Population

There remain, however, a significant number of federally licensed dealers that are not active dealers. As stated above, in 1992, 46 percent of the licensees had not sold a gun in the previous year.[24] Although by 1998, this figure had dropped to 31 percent, it is still troubling.[25] The law provides that only persons who engage in the business of dealing in firearms within a reasonable period of time after obtaining a license may be licensed as firearms dealers. Unless these dealers can establish from their records that they are engaged in the business of dealing in firearms after three years, their licenses should not be renewed.

[24] *Snapshot* 1993.

[25] *Snapshot* 2000.

With substantially increased tracing by State and local law enforcement officials, as well as multiple sales and stolen gun reports, the trace information available to be analyzed in ATF's Firearms Tracing System eventually reached a sufficient level to strengthen significantly ATF's inspection program and to provide vital new support to ATF and State and local criminal investigations. ATF established the Crime Gun Analysis Branch (CGAB) in 1997 to support regulatory and criminal investigations of illegal trafficking activity and armed criminals, using analysis of crime gun traces, multiple sale and stolen gun reports and other information. In conjunction with Northeastern University, the CGAB began developing a series of trafficking indicators, including:

- multiple crime guns traced to an FFL or first retail purchaser;
- short time-to-crime for crime guns traced to an FFL or first retail purchaser;
- incomplete trace results, due to an unresponsive FFL or other causes;[37]
- significant or frequently reported firearms losses or thefts by an FFL;
- frequent multiple sales of handguns by an FFL or multiple purchases of firearms by a non-licensee, combined with crime gun traces;[38] and
- recovery of firearms with obliterated serial numbers.

New indicators continue to be developed by the CGAB and Northeastern University. For instance, the concentration of an FFL's crime gun traces in a particular geographic area in another State may be a useful indicator. While a trafficking problem can be suggested by these indicators, further information, which can be gathered through regulatory inspections and criminal investigations, is required to determine whether trafficking has actually occurred, what form it is taking and who is responsible.

Crime Gun Traces as Indicators of Illegal Trafficking

As stated above, crime gun traces do not necessarily indicate illegal activity by licensed dealers or their employees. Guns purchased from FFLs may have been unknowingly sold by the FFL to straw purchasers, resold by an innocent purchaser or by an illegal unlicensed dealer, otherwise distributed by traffickers in firearms bought or stolen from FFLs or residences, or simply stolen from its legal owner. Nevertheless, when trafficking indicators are present, it is important to find out if the FFL or someone else is violating the law. This requires either a regulatory inspection or a criminal investigation. Table 12 shows a breakdown by trafficking channel of ATF illegal trafficking investigations involving youth and juveniles conducted between July 1996 and December 1998.[39]

Over a quarter of these investigations were initiated based on crime gun trace information, and many more of the investigations used tracing in the investigation.

[37] Trace results are incomplete when the firearm cannot be tracked from the manufacturer or importer to an individual retail purchaser. Multiple incomplete trace results are considered a trafficking indicator because they may indicate that (a) the firearm was stolen from interstate shipment (and thus never reached the retailer); (b) the receiving FFL is not telling the truth about not receiving the firearm; or (c) the shipping FFL is not telling the truth about who the wholesaler shipped the firearm to.

[38] ATF experience has shown that multiple sales or purchases are a significant trafficking indicator; crime guns recovered with obliterated serial numbers are frequently purchased in multiple sales.

[39] *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

Table 12.

Sources of Firearms Trafficking Identified in ATF Illegal Trafficking Investigations Involving Youth and Juveniles

Note: Since firearms may be trafficked along multiple channels, an investigation may be included in more than one category.

Source	**Number**	**%**
Firearms trafficked by straw purchaser or straw purchasing ring	330	50.9%
Trafficking in firearms stolen from FFL	134	20.7%
Trafficking in firearms by unregulated private sellers*	92	14.2%
Trafficking in firearms stolen from residence	88	13.6%
Trafficking in firearms at gun shows, flea markets, auctions, or in want ads and gun magazines	64	9.9%
Firearms trafficked by licensed dealer, including pawnbroker	41	6.3%
Street criminals buying and selling guns from unknown sources	26	4.0%
Trafficking in firearms stolen from common carrier	16	2.5%
Other sources (e.g. selling guns over internet, illegal pawning)	9	1.4%

*as distinct from straw purchasers and other traffickers

Source: *Youth Crime Gun Interdiction Initiative Performance Report*, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

Distribution of Crime Gun Traces Among Licensed Retail Dealers

A small number of licensed dealers account for a large proportion of the firearms traced. As Table 13 shows, in 1998, among all active dealers, 14 percent had one or more firearms traced to them in that year; about 32 percent of the pawnbrokers and about 12 percent of other retail dealers had a trace that year. Only one percent of dealers active in 1998 were associated with 10 or more traces. These approximately 1,000 dealers accounted for well over 50 percent of the traces to active retail dealers that year. About 330 dealers, a fraction of one percent, were associated with 25 or more traces and accounted for about 40 percent of the traces to active dealers in 1998.

Table 13.
Distribution of traces among active dealers, 1998

	Number of traces to a dealer	Dealers		Traces	
		Percent	Number	Percent	Number
Federal Firearms Licensees					
and Pawnbrokers	0+	100.0%	83,272	...	...
	1+	14.3%	11,947	100.0%	55,990
	2+	7.2%	6,056	89.5%	50,099
	5+	2.7%	2.253	71.7%	40,139
	10+	1.2%	1,020	57.4%	32,147
	25+	0.4%	332	39.6%	22.168
	50+	0.2%	132	27.2%	15,220
Federal Firearms Licensees	0+	100.0%	73,016		
	1+	11.8%	8,651	100.0%	40,809
	2+	5.6%	4,114	88.2%	36,272
	5+	2.8%	1,517	72.5%	29,599
	10+	1.0%	713	59.7%	24,360
	25+	0.3%	252	43.2%	17,630
	50+	0.1%	99	30.4%	12,399
Pawnbrokers	0+	100.0%	10,256		
	1+	32.1%	3,296	100.0%	15,181
	2+	18.9%	1,942	91.1%	13,827
	5+	7.2%	736	69.4%	10,540
	10+	3.0%	307	51.3%	7,787
	25+	0.8%	85	29.9%	4,638
	50+	0.3%	33	18.6%	2,821

Source: Data prepared by Northeastern University, College of Justice, Center for Criminal Justice Policy Research, Glenn L. Pierce

Time-to-crime

Time-to-crime trace analysis enables law enforcement officials to focus on FFLs or buyers associated with newer crime guns. Because these guns are less likely to have changed hands frequently before being used in a crime, their sources can more easily be identified. While the average time-to-crime for traced firearms is about 6 years, many traced firearms are recovered in three years or less. ATF found, for instance, that in 27 communities in 1998, up to half of all traced crime guns recovered from youth ages 18 to 24 were recovered in three years or less.[40] In 1998, there were nearly 480 active dealers with 10 or more crime guns with a time-to-crime of three years or less traced to them based on trace requests submitted that year, and there were 1,015 active dealers with five or more crime guns with a time-to-crime of three years or less traced to them.

[40] Footnote t0 come

indicator even if they sold a significant number of short time-to-crime guns.

Application of a combination of trafficking indicators, such as the volume of crime gun traces or traces with short time-to-crime, to the licensee population allows ATF to focus its limited resources on these dealers that are the source of guns used in crimes. As the method evolves and results in inspections and criminal investigations, more can be learned about the causes of these indicators and diversion from licensed retail dealers.

Limitations of the Firearms Tracing System

Approximately 200,000 trace requests were received in 1999. Until all crime guns are traced, the level of diversion of crime guns from FFLs to felons and other prohibited persons cannot be fully measured, and the illegal sources may remain unknown to law enforcement. In addition, not all trace requests result in the identification of the original licensed retail dealer or purchaser of the traced firearm. A firearms trace currently identifies the first retail dealer for approximately 60 percent of trace requests and the first retail purchaser for approximately 40 percent of trace requests. A number of factors, discussed below, prevent the tracing system from identifying the source of every crime gun traced.

- *Non-responsive dealers.* The firearms tracing system depends entirely on the accuracy and completeness of licensee records. Manufacturers, wholesalers and importers maintain records of the retail dealers that initially acquire the firearms for sale. Retail dealers are required to maintain the transaction records that link the make, model and firearms serial numbers with firearms purchasers. FFLs are required to respond to trace requests within 24 hours. If an FFL fails to respond, ATF inspectors must spend extra time seeking the information. Traces can be conducted in a timely manner and be completed only if FFLs keep proper records and cooperate with ATF trace requests. While most FFLs respond promptly to trace inquiries, some FFLs either totally disregard or refuse to comply with a request, others fail to respond within 24 hours and still others supply incorrect information. In 1999, there were approximately 50 active retail dealers who were either entirely non-responsive to a trace request, slow to respond to a trace request on at least three occasions or who gave incorrect information requiring an NTC re-check on at least five occasions. Uncooperative FFLs often fail to maintain accurate records or fulfill other statutory and regulatory responsibilities.
- *Untraceable secondhand guns.* Federal law does not require unlicensed sellers to preserve transfer records, nor are gun owners required to keep a record of the serial number of their firearms or to report lost or stolen firearms. It is generally impossible for a crime gun trace to identify purchasers beyond the initial retail buyer. The initial purchaser may have transferred the gun to a third party or it may have been stolen. To trace a gun beyond the first retail purchaser, law enforcement authorities must conduct an "investigative trace," using traditional investigative methods, such as interviews and use of informants. Investigative traces are extremely resource intensive and, because of the absence of records, often unsuccessful. For these reasons, ATF conducts investigative traces only in rare cases. Even though FFLs do maintain transaction records on firearms they sell secondhand, a regular crime gun trace cannot capture this information because no link exists between first and subsequent retail transactions. Since over half of ATF's trafficking investigations involve secondhand firearms, the fact that the tracing process is unable to capture

[41] Youth Crime Gun Interdiction Initiative, *Trace Analysis Reports: 27 Communities*, p.12, February 1999, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms.

sales of used firearms by FFLs and unlicensed sellers is a major problem.[41]

- *Unreported firearms stolen in shipment.* Some traces cannot be completed because the firearm is lost or stolen while in transit between two licensees, and not reported as such to ATF. Current regulations do not specify whether the shipping or receiving licensee is responsible for reporting the theft or loss of a firearm while it is in transit. Interstate carriers are not required to report the theft or loss of firearms shipped in commerce. In Fiscal Year 1999, there were 1,290 crime gun traces in which the FFL claimed that it never received the firearm shipped to it.

- *Obliterated serial numbers.* The intentional obliteration of firearms serial numbers by traffickers and criminals poses a serious threat to the effectiveness of the firearms tracing system. Since serial numbers are the principal means by which firearms are identified, the obliteration of serial numbers make it difficult to trace recovered crime guns. ATF restores obliterated serial numbers at its three national firearms laboratories, and over the past two years has increased its efforts to train other law enforcement laboratories to restore obliterated serial numbers on crime guns. Due to the growing problem of obliterated serial numbers, on June 23, 1999, ATF issued a Notice of Proposed Rulemaking to impose marking requirements that would make it more difficult to obliterate serial numbers.[42]

- *Incomplete trace requests.* A significant fraction of trace requests cannot be completed because the trace submission from State and local law enforcement agencies does not contain adequate information. Reading serial numbers on imported firearms poses particular problems. ATF is working with State and local agencies to address this problem.

- *Out-of-business records.* Out-of-business FFLs are required to submit their records to the NTC. This permits the continued tracing of crime guns that have been sold by the out of business FFL. Many FFLs do not comply with this requirement, necessitating follow-up efforts by ATF inspectors. The NTC uses a microfilm system to create an index of FFL and serial number for every firearm transaction in the out of business records submitted by the FFL. While over 100 million firearms records have been indexed, over 300 million records are still in the process of being indexed and are, therefore, accessed for crime gun tracing purposes by manual searches of microfilmed records. The approximately one quarter of crime gun trace requests that are currently resolved through searches of out-of-business records could be completed more rapidly if all out-of-business records were indexed. ATF estimates that it will take at least two years to complete its ongoing process of imaging the additional out-of-business records.

- *Untraceable older firearms.* Firearms manufactured or imported before enactment of the 1968 Gun Control Act are not required to have serial numbers. Although many pre-1968 firearms were manufactured with serial numbers, some were not, and are, therefore, untraceable.

[42] *Youth Crime Gun Interdiction Initiative Performance* Report, Appendix Table 7, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999; and *Gun Shows: Brady Background Checks and Crime Gun Traces*, Appendix Table 6, Department of the Treasury and Department of Justice, January 1999. As part of the Youth Gun Crime Enforcement Act of 1999, the President proposed that licensees be required to submit to the NTC the serial numbers and other identifying information for used firearms taken into inventory. This would fill a major void in the tracing system. However, Congress has yet to act on this legislation.

Guns Reported Lost and Stolen As Indicators of Illegal Trafficking

The accuracy of a dealer's inventory is critical to ATF's ability to trace crime guns. Pursuant to the Violent Crime Control and Law Enforcement Act of 1994, FFLs are required to report firearms lost and stolen from inventory to the NTC within 48 hours of theft or loss. This permits ATF to launch an immediate criminal investigation in order to arrest the thief, prevent potential use of the firearms in a crime or trafficking by the thief, and use the information as another indicator to establish priorities for compliance inspections. ATF has no authority to require FFLs to take security measures, but can seek to determine whether firearms reported lost or stolen were accurately reported, or trafficked by the licensee or an employee of the licensee.

In 1998 and 1999, licensees filed reports on over 5,000 incidents, involving 27,287 lost or stolen firearms. These included the following types of incidents:

- Inventory errors, recordkeeping errors, and employee theft, accounting for approximately 39 percent of reported incidents and over 11,000 firearms.
- Burglary (breaking and entering during non-business hours), accounting for 21 percent of reported incidents, and nearly 11,000 firearms, an average of 10 per incident.
- Larceny (unlawful taking through fraud, deception or trickery), accounting for 38 percent of reported incidents and over 3,500 firearms.
- Robbery (unlawful taking by force/violence or threat of force/violence), accounting for only 2 percent of all reported incidents and about 1,000 firearms, an average of 11 per incident.

Among retail dealers, including pawnbrokers, inspected as part of a special ATF survey in 1998, over half had reported a firearm stolen at some point. Among those that had sold 50 or more firearms the previous year, 10 percent of pawnbrokers and 16 percent of other retail dealers had reported a theft since commencing business.[43] Inventory inconsistencies were discovered at some time in the records of about 45 percent of the pawnbrokers, and nearly 20 percent of the other retail dealers that had sold 50 or more firearms the previous year.[44]

The records of ATF inspections confirm that inventory errors are occurring at a high rate. During inspections conducted in 1999, 21,000 firearms were initially identified as missing from inventory. During the course of their work, inspectors verified firearms in inventory against the record books. This allowed corrections of the records to reduce the number of missing firearms to 5,700. Thus, inspectors corrected a total of over 15,000 inventory errors. Errors in inventory records are a serious problem because a firearm missing from inventory cannot be traced.

Another obstacle to effective regulation of retail dealers is the lack of reporting about thefts that take place in transit to a licensee's business premises. While ATF has long requested common carriers to report firearms thefts, they are not required to do so by law and only a few companies regularly file reports.[45] In 1998 and 1999, common carriers reported about 1,900 interstate thefts, involving over 3,700 firearms. It can be assumed that many more interstate thefts occur than are reported to ATF.

[43] Notice No. 877, 64 Fed. Reg. 33450 (1999). See *Youth Crime Gun Interdiction Initiative Crime Gun Trace Analysis Reports: The Illegal Youth Firearms Markets in 27 Communities*, Tables F2, Department of the Treasury, Bureau of Alcohol, Tobacco and Firearms, February 1999.

[44] *Snapshot 2000.*

[45] As part of the Youth Gun Crime Enforcement Act of 1999, the President proposed that common carriers be required to report firearms thefts to ATF. However, Congress has yet to act on this legislation.