

Cities/Countries in the Settlement

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Los Angeles,
Inglewood,
San Francisco,
Oakland,
Sacramento,
West Hollywood
Berkeley
Bridgeport,
Atlanta,
Camden
Newark
St. Louis,
Detroit,
Gary,
Boston,
Washington, DC

Up in the air

New Orleans.

~~Washington, DC~~

Not in yet

Wilmington

Chicago

Cleveland

Cincinnati

San Mateo County

Alameda County

~~East Palo Alto~~

Compton

Los Angeles County

Wayne County

Camden County

HUD.

East Palo Alto

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April 12, 2000, Wednesday 12:00 AM, Eastern Time

SECTION: NATIONAL DESK

LENGTH: 823 words

HEADLINE: VPC: Smith & **Wesson** 'Clarification' of Agreement Between Government and Gunmaker
Exposes 'Landmark' Settlement to be a Sham

DATELINE: WASHINGTON, April 12

BODY:

The following was released today by the Violence Policy Center:

Smith & **Wesson** has made public its interpretation of the "landmark" March 17, 2000 agreement between the handgun maker, the Department of Housing and Urban Development, and some cities suing the gun industry. The document candidly states that the agreement for the most part merely codifies the company's current business practices. It also shows that many of the initial claims surrounding the March 17 pact were false or wildly exaggerated. The document also confirms that dealers will be required to only meet the terms of the agreement with respect to Smith and **Wesson** products, not-as many originally assumed-for all guns sold by the dealer. The annotated edition of the pact (posted on Smith & **Wesson's** web site located at www.smith-wesson.com and also available in PDF format at the Violence Policy Center's (VPC) web site located at www.vpc.org) shows that Smith & **Wesson's** "clarification" nullifies any potential positive impact of the agreement.

VPC Director of Federal Policy Kristen Rand states, "Following the agreement, Smith & **Wesson's** Ken Jorgensen told the press, 'It doesn't change a lot of things in terms of how we do business....But it is going to save us a lot of money on the legal side.' Jorgensen's right. Smith & **Wesson** wanted something for nothing and they got it. From Smith & **Wesson's** perspective this agreement was never about saving gun victims' lives, it was about saving gun manufacturers money."

Three of many examples where Smith & **Wesson** has interpreted the document to render its impact meaningless include:

Agreement: Smith & **Wesson** authorized dealers will, "Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check."

Smith & **Wesson's** Interpretation: "This applies only to Smith & **Wesson** product and does not apply to private sales."

Agreement: Smith & **Wesson** authorized dealers will enact new security measures, including: 1) "(d)isplay cases shall be locked at all times except when removing a single firearm to show a customer" and "(a)ll firearms shall be secured, other than during business hours, in a locked fireproof safe or vault in the licensee's business premises or in another secure and locked area," 2) "(a)mmunition shall be stored separately from the firearms and out of reach of the customers," and, 3) "persons under 18 years of age (are) to be accompanied by a parent or guardian when they are in portions of the premises where firearms or ammunition are stocked or sold."

Smith & **Wesson's** Interpretation: The storage requirement "applies to Smith & **Wesson** Firearms only." The ammunition requirement "applies to dealers, and pertains to centerfire handgun ammunition only where

physically possible." As regards the age requirement, "This may be accomplished by posting a sign that states persons under 18 years of age must be accompanied by an adult in the area where firearms or ammunition are stocked or sold." Smith & Wesson promises to supply the signs.

Agreement: Smith & Wesson authorized dealers will transfer firearms only to "individuals who have demonstrated that they can safely handle and store firearms through completion of a certified firearms safety training course or by having passed a certified firearms safety examination."

Smith & Wesson's Interpretation: "This applies to Smith & Wesson products only" and "Smith & Wesson will provide simple-to-use training aids, handout materials, videos and any forms required to assist dealers in meeting these requirements at the point of sale." Smith & Wesson also states, "Courses such as NRA Basic Pistol, Hunter Safety or State Conceal Carry Courses will also likely fulfill this requirement."

The document reveals that other much-touted components of the agreement do not represent any changes in behavior on the part of the gun maker. For example: the company had already been supplying trigger locks with all handguns (and had been lauded for doing so by the Clinton Administration at an October 1997 Rose Garden ceremony); all of its current handguns meet the minimum size and quality standards outlined in the pact; and, it had already been working on "smart" gun technology.

Adds Rand, "Smith & Wesson's actions are only the latest evidence of the futility of relying on promises made by the gun industry. The only way the gun industry will ever change its deadly manufacturing and marketing practices is if it is forced by federal or state regulation to do so."

The Violence Policy Center is a national non-profit educational organization that conducts research on firearms violence in America and works to reduce firearm-related death and injury.

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LANGUAGE: ENGLISH

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April 14, 2000

Gun Pact Stumbles on 'Clarification' by Smith & Wesson

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By FOX BUTTERFIELD and MARC LACEY

A much-heralded settlement last month in which Smith & Wesson agreed to broad restrictions on the way it makes and sells handguns appears to be in trouble, with the company revising its position on several of the deal's key provisions.

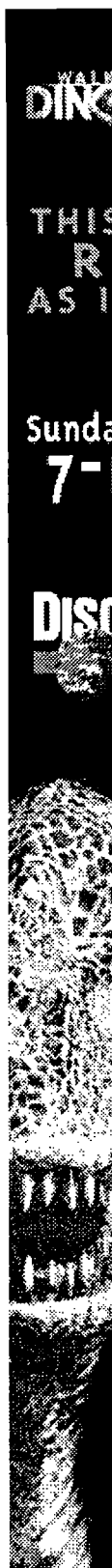
About three weeks ago, with little notice, the gun manufacturer posted on its Web site a "clarification" of the sweeping agreement. Government officials now acknowledge that the company is offering a new, far less expansive interpretation of a settlement that government officials once portrayed as a major new step in gun control.

Clinton administration officials, while acknowledging that the new interpretation was far different from their own, attributed the gun maker's apparent retreat to industry pressure. But they insisted that the agreement would stand.

"This company is facing a barrage of criticism," said a senior administration official involved in the deal. "It's in a war. They are taking some poetic license on their Web site in the heat of battle."

Smith & Wesson spokesman Ken Jorgensen said the company, a unit of Tomkins P.L.C. of London, was not trying to back down from any provisions of the deal but was merely seeking to make clear its interpretation.

After The Baltimore Sun reported the Web site posting yesterday, the company issued a joint statement with the Departments of



Treasury and Housing and Urban Development that said. "Clearly, there will be questions that need interpretation as we go along, as this agreement is historic and without precedent. We will address those questions as they arise."

But if Smith & Wesson lives up only to the revised terms in its "clarification," it would be a major embarrassment for the Clinton administration because officials at the time described the agreement as "historic" and the most "dramatic executive action" that Mr. Clinton had taken on gun control.

Limiting the changes to the revised terms would also support those critics who said the administration's announcement was hastily put together and would, in the end, have little impact on efforts to curb the sale of handguns.

On March 17, administration officials led a coalition of local and state officials in agreeing to drop lawsuits against Smith & Wesson, the nation's oldest and largest manufacturer of handguns, in exchange for a host of gun control provisions.

In essence, Smith & Wesson agreed to impose restrictions on the way its dealers sold its products.

One of the provisions of the original agreement would have required Smith & Wesson dealers not to sell firearms at gun shows if any other dealers were selling guns at those shows without conducting a federal gun background check.

The provision represented an effort by the White House and the local governments to get around Congress's failure to pass a federal law mandating background checks on all guns sold at gun shows. Officials said that such a concession by such a major player in the industry would have significantly curtailed gun shows.

The original agreement said all Smith & Wesson dealers must "make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check."

In its clarification, Smith & Wesson said the provision "applies only to Smith & Wesson products and does not apply to private sales" at gun shows.

That change makes the provision meaningless since it is merely restating existing law. All gun dealers are required to conduct background checks, wherever they sell guns. It is private sales at gun shows that are now exempt.

Bruce Reed, the White House domestic policy adviser, disagreed with the company's interpretation, saying yesterday that he believed the terms of the agreement "are quite clear and we're confident that when the dust settles our interpretation will stand up."

But in an indication of how people in the gun industry viewed the changes by Smith & Wesson as undercutting the settlement, James J. Baker, the chief lobbyist for the National Rifle Association, said: "Smith & Wesson is trying to escape the clear terms of the

document because they bit off more than they can chew."

The company, Mr. Baker said, "obviously signed off on a deal that it hadn't read or didn't understand."

Similarly, Robert Delfay, the president of the National Shooting Sports Foundation, the gun industry trade organization, said the "logical interpretation" was that Smith & Wesson was backing off of some provisions.

"If the Smith & Wesson interpretation is the agreement that is ultimately enforced," Mr. Delfay said, "clearly it's not as comprehensive or groundbreaking."

A second critical provision in the original agreement called for Smith & Wesson to limit its dealers to selling only one gun per customer on a given day, and if a person wanted to buy more than one gun, he would have to wait 14 days to pick up a second gun.

This provision to limit the number of guns per customer was an effort to stop purchases by gun traffickers or straw purchasers who bought guns on behalf of criminals or juveniles who were barred from buying them legally.

But Smith & Wesson, in its Web site clarification, said that the rule of one gun per customer per day applied only to Smith & Wesson guns and that dealers could sell more guns if they were made by someone else.

"This does nothing to limit the number of handguns the consumer may purchase within a given time period," Smith & Wesson said, and it "only applies to products produced by manufacturers which are parties to this agreement."

Kristen Rand, senior counsel for the Violence Policy Center, a gun control advocacy group, said of Smith & Wesson's new guidelines, "They are basically thumbing their noses at the administration, saying, This is how we interpret it, and if you don't like it, you can sue us."

These were the most important parts of the agreement, Ms. Rand said, because Smith & Wesson was already doing almost everything else in the settlement, or had independently promised to do it.

Among those other provisions were putting trigger locks on handguns, equipping them with indicators to show whether a gun was loaded and installing a magazine disconnect safety, which would prevent a gun from being fired if the magazine had been removed. Smith & Wesson handguns already have these devices.

Other provisions in the agreement, however, would continue to break ground. Smith & Wesson, for instance, agreed to install internal locking devices in its guns within the next two years, a practice it was not now following.

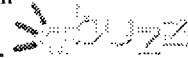
Clinton aides also promoted the oversight commission that would be set up to police compliance with the agreement.

Critics say that panel would have a difficult time keeping track of violators and would likely face funding difficulties.

Clinton administration officials hinted yesterday that the matter might end up in court if Smith & Wesson tried to back away from a deal it had signed.

"The agreement is a contract," said an administration official involved in the deal. "It says what it says. It will be implemented."

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SUMMARY OF TERMS

Preamble: The city, state, county and federal parties agree to dismiss the parties from the pending suits and refrain from filing suits against the manufacturer parties based on an equivalent cause of action.

SAFETY AND DESIGN

All handguns must meet the following safety and design standards:

- **Second "hidden" serial number**, to prevent criminals from obliterating serial numbers.
- **External locking device** within 60 days.
- **Internal locking device** within 24 months.
- **Smart Guns -- Authorized User Technology.**
 - Manufacturers commit 2% of annual firearms revenues to the development of authorized user technology.
 - Within 36 months, authorized user technology will be included in all new firearm models, with the exception of curios and collectors' firearms.
 - If top eight manufacturers agree, authorized user technology will be included in all new firearms.
- **Child Safety.** Handguns will be designed so they cannot be readily operated by a child under 6, within 12 months.
- **Performance test.** All firearms will be subject to a performance test to ensure safety and quality.
- **Drop test.** All firearms will be subject to a test to ensure they do not fire when dropped.

All pistols must meet the following additional requirements:

- **Safety device.** Positive manually operated safety device.
- **Magazine disconnectors** must be available on all pistols to customers who desire the feature, within 12 months.
- **Chamber load indicators** on all pistols, showing whether the pistol is loaded, within 12 months.
- **Large capacity magazines.** New firearm designs will not be able to accept large-capacity magazines that were manufactured prior to September 1994. (Manufacture of such magazines has been prohibited since that date.)

Law enforcement and military exception. If law enforcement agencies or the military certify the need, exceptions to these requirements may be made. Manufacturers will ask that these guns not be resold to the civilian market.

Warnings about safe storage and handling included with all firearms within six months.

Illegal firearms. Manufacturers will not sell firearms that can readily be converted into fully automatic weapons or that are resistant to fingerprints.

SALES AND DISTRIBUTION

Code of Conduct. The manufacturers will close their distribution chain by selling only to authorized dealers and distributors and allowing their authorized distributors to sell only to authorized dealers. Authorized dealers and distributors will agree to a code of conduct. If manufacturers receive notice of a violation by an authorized dealer or distributor, they will take action against the dealer or distributor, including termination of sales to the dealer or distributor. The Oversight Commission will review such actions and have authority to require termination or suspension if warranted.

The code of conduct will require authorized dealers and distributors to:

- **Gun shows:** make no gun show sales unless all sales at the gun show are completed only after a background check.
- **Brady checks:** Wait as long as necessary for a completed Brady check showing that the purchaser is not a felon or otherwise prohibited before selling a gun to the purchaser.
- **Safety training for purchasers:** transfer firearms only to individuals who have passed certified safety course or exam and demonstrate to purchasers how to use all safety devices and how to load, unload, and safely store the firearm before completing the sale.
- **Multiple handgun sales:** all purchasers of multiple handguns to take only one handgun from the store on the day of sale, at which point a multiple sales report will be filed with ATF, and the remainder after 14 days.
- **Employee training:** require all employees to attend ATF-approved training and to pass a exam on firearms laws, straw purchasers, illegal trafficking indicators, and gun safety.
- **Insurance:** carry liability insurance where available, with a minimum coverage of \$1 million for each incident.
- **Inventory control:** maintain an electronic inventory tracking plan within 24 months
- **Security:** implement a security plan for securing firearms.
- **Child access:** require persons under 18 to be accompanied by adults in gun stores or gun sections of stores.
- **Weapons attractive to criminals:** not sell large capacity magazines or semiautomatic assault weapons.
- **Compliance:** provide law enforcement, government regulators, and the Oversight Commission established in this Agreement with access to documents necessary to determine compliance; cooperate fully in the Agreement's Oversight mechanism.
- **Crime gun traces:** maintain an electronic record of all ATF trace requests and report trace requests to manufacturers.
- **Indicted dealers:** forgo firearms sales to licensed dealers known to be under indictment.
- **Straw purchasers:** not to make sales to straw purchasers.

Manufacturer commitments. Manufacturers will:

- Provide quarterly sales data to ATF.
- Not market guns in any manner designed to appeal to juveniles or criminals.
- Refrain from selling any modified/sporterized semi-automatic pistol of type that cannot be imported into U.S.
- Reaffirm policy of not placing advertisements in vicinity of schools, high crime zones,

public housing.

- Implement a security plan for securing firearms.
- Designate a compliance officer to ensure compliance with the Agreement.

Corporate responsibility for crime gun traces. If an authorized dealer or distributor has a disproportionate number of crime guns traced to it within three years of sale, the manufacturers will take action, including possible termination or suspension, against the dealer or distributor. The Oversight Commission will review such actions and have authority to require termination or suspension if warranted.

Oversight Commission will be established and empowered to oversee implementation of the Agreement. The Commission will have five members selected as follows: one by manufacturers; two by city and county parties; one by state parties; one by ATF. The Commission's powers will include the authority to review compliance with the design and safety requirements, review the safety and training program for dealer and distributor employees, review manufacturer actions against dealers or distributors that violate the Agreement or have a disproportionate number of crime gun traces and require suspension or termination if warranted.

Role of ATF. To the extent consistent with law, ATF will work with manufacturers and the Oversight Commission to assist them in meeting obligations under the Agreement. ATF will notify the Oversight Commission of certain violations of the Agreement by distributors and dealers if it uncovers such violations.

Ballistics Imaging. Within six months, if technologically available, manufacturers will fire all firearms before sale and will enter the digital image of its casing in a system compatible with the National Integrated Ballistics Identification Network and accessible to ATF. This will enable law enforcement to trace crime guns when only the bullets or casings are recovered.

Access 2000. Manufacturers shall participate in ATF's Access 2000 program, which establishes electronic links with ATF and enables high-speed tracing of crime guns.

Legislation. The parties will work together to support legislative efforts to reduce firearms misuse and the development of authorized user technology.

Education trust fund. Upon resolution of all current city, state, and county lawsuits, manufacturers shall dedicate 1% of overall firearms revenues to an education trust fund

Most favored entity. If other manufacturers enter agreements with more expansive design and distribution reforms, and those manufacturers, along with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, the manufacturer parties this Agreement will agree to abide by the same reforms.

Enforcement. The Agreement will be entered into and enforceable as a court order and as a contract.

March 17, 2000
Settlement Document

AGREEMENT

Preamble

The manufacturer parties to the Agreement and the Department of the Treasury, the Department of Housing and Urban Development, and the undersigned state, city and county parties to the Agreement enter into this Agreement to reduce the criminal misuse of firearms, combat the illegal acquisition, possession and trafficking of firearms, reduce the incidence of firearms accidents, and educate the public on the safe handling and storage of firearms. Furthermore, the manufacturer parties to the Agreement enter into this Agreement as a continuation of their efforts to make their firearms as safe as practicable for their customers and the public. Accordingly, in consideration of the commitments set forth below:

1. The undersigned state, city, and county parties to the Agreement dismiss the manufacturer parties to the Agreement with prejudice from the lawsuits specified in Appendix A subject to any consent orders entered pursuant to paragraph VIII; and
2. The undersigned state, city and federal parties to the Agreement agree to refrain from filing suit against the manufacturer parties to the Agreement on an equivalent cause of action.

The parties agree that this Agreement constitutes the full and complete settlement of any and all claims that were raised or could have been raised in the subject litigation. The parties agree further that this Agreement does not constitute an admission of any violation of law, rule or regulation by the manufacturer parties to the Agreement, or any of their employees. Nothing in this Agreement shall be construed to be an admission of liability. The adoption of standards for firearms design and distribution in this Agreement shall not be construed as an admission by the manufacturer parties to the Agreement that practices they engaged in prior to the execution of this Agreement were negligent.

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I. Safety and design.

A. Each firearm make and model sold by each manufacturer party to this Agreement shall be tested by ATF or an agreed upon proofing entity against the following standards. Existing makes and models shall meet these standards within 60 days of execution of this Agreement unless a longer period is specified in the standard. New makes and models shall not be manufactured and sold after the execution of this Agreement unless they conform to these standards.

~~*~~ 1. Standards applicable to all handguns:

- ~~* All gone~~
~~handgun~~
- a. **Second "hidden" serial number.** The gun must have both a visible serial number on the exterior of the frame or receiver, as well as a second serial number hidden on the interior of frame or receiver (e.g., under the grips) or visible only with the aid of an optical instrument.
 - b. **External locking device.** As an interim measure, until the implementation of I.A.1.c, within 60 days of execution of the Agreement, each firearm shall be supplied with an external locking device that effectively prevents the operation of the firearm when locked.
 - c. **Internal locking device.** Within 24 months of execution of the Agreement, each firearm shall have a built-in, on-board locking system, by which the firearm can only be operated with a key or combination or other mechanism unique to that gun.
 - d. **Authorized user technology.** The manufacturer parties to this Agreement shall each commit two percent of annual firearms sales revenues to the development of a technology that recognizes only authorized users and permits a gun to be used only by authorized persons. Within 36 months of the date of execution of this Agreement, this technology shall be incorporated in all new firearm

designs, with the exception of curios and collectors' firearms. This requirement does not apply to existing designs currently in production.

If the eight firearms manufacturers and/or importers with the largest United States firearms sales volume agree to incorporate authorized user technology in all firearms, the manufacturer parties to this Agreement will incorporate authorized user technology in all firearms.

- e. **Child safety.** Within 12 months of execution of the Agreement, each firearm shall be designed so that it cannot be readily operated by a child under the age of 6. Such mechanisms include: making the trigger pull resistance at least ten pounds in the double action mode; or designing the firing mechanism so that an average five year old's hands would be too small to operate the gun; or requiring multiple, sequenced actions in order to fire the gun.
- f. **Minimum barrel length.** Each firearm make and model must have a barrel length of at least 3", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- g. **Performance test:** A sample of each firearm make and model will be test-fired with "proof cartridges" (cartridges loaded to generate excess pressure as set forth in accepted specifications for proof cartridges) to ensure the integrity of the material. At least one cartridge shall be fired from each chamber. Following this test firing, the firearm will be examined for hairline cracks or other signs of material failure and

will pass this test only if there are no hairline cracks or other signs of material failure. Each firearm make and model shall also pass the following performance test: the gun shall fire 600 rounds, stopping only every 100 rounds to tighten any loose screws and to clean the gun (if required by the cleaning schedule recommended in the manual), or as needed to refill the empty magazine or cylinder to capacity before continuing. For any gun that loads other than with a detachable magazine, the tester shall pause every 50 rounds for ten minutes. The tester shall use the ammunition recommended in the user's manual, or if none is recommended, any standard ammunition of the correct caliber in new condition. A gun shall pass this test if it fires the first 20 rounds without a malfunction and the full 600 rounds with no more than 6 malfunctions and without any crack or breakage of an operating part of the gun that increases the danger of injury. Malfunctions caused by failure to clean and lubricate, or by defective ammunition, shall not be counted.

- h. **Drop test.** Pass the more rigorous of: (a) the SAAMI Standard drop test in effect on the date the firearm is sold; or (b) the following test: The gun shall be test-loaded, set such that it is ready to fire and dropped onto a steel plate or equivalent material of similar hardness from a height of one meter from each of the following positions: (1) normal firing position; (2) upside down; (3) on the grip; (4) on the muzzle; (5) on either side; and (6) on the exposed hammer or striker (or, if no exposed hammer or striker, on the rearmost part of the gun). If the gun is so designed so that its hammer or striker may be set in other positions, it shall be tested with the hammer or striker in each such position (but otherwise ready to fire).

2. **Additional standards for pistols:**

- a. **Safety device.** The pistol must have a positive manually operated safety device as determined by standards relating to imported guns promulgated by ATF .

- b. **Minimum length and height standards.** The pistol's combined length and height must not be less than 10" with the height being at least 4" and the length being at least 6", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- c. **Magazine disconnecter.** Within 12 months of execution of the Agreement, each pistol shall have a magazine disconnecter available for those customers who desire the feature.
- d. **Chamber load indicator.** Within 12 months of the execution of the Agreement, each pistol shall have a chamber load indicator painted in a prominent, contrasting color or a feature that allows the operator physically to see the round in the chamber.
- e. **Large capacity magazines.** No pistol make or model designed after January 1, 2000 shall be able to accept magazines manufactured prior to September 14, 1994, with a greater than 10 round capacity, and such models shall not be capable of being easily modified to accept such magazines. Nor shall ammunition magazines that are able to accept more than 10 rounds be sold by the manufacturer parties to this Agreement or their authorized dealers and distributors. See Part II.A.1.h, below.
- f. **Additional safety features.** Each pistol must have a firing pin block or lock.

3. **Additional standard for revolvers.** Each revolver make and model must pass a safety test. Each make and model must have a safety feature which automatically (for a double action revolver) or by manual operation (for a single action revolver) causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge. The safety device must withstand the impact of a weight equal to the weight of the revolver dropping from a distance of 1 meter in a line parallel to the barrel upon the rear of the hammer spur, a total of 5 times.

B. Law enforcement and military exception. An exception to a requirement of paragraph A may be granted for firearms manufactured or imported for sale to a law enforcement agency or the military if the law enforcement agency or military organization certifies to the manufacturer party to this Agreement that the exception is necessary for official purposes. Where a law enforcement agency authorizes or requires its officers to purchase firearms individually for official use, an appropriate certification from the agency will be permitted to apply to sales to a number of individual officers. The manufacturer party to this Agreement shall maintain the certification in its records and provide a copy to the Oversight Commission. Firearms sold to law enforcement or the military pursuant to this exception, which do not comply with the design standards of this Agreement, will be accompanied by a statement:

1. "On [date], [manufacturer parties to this Agreement] and [governmental parties to this Agreement] entered into an Agreement establishing certain design standards for firearms sold to civilians. Pursuant to that Agreement, we are obliged to inform you that this firearm does not comply with all of the design standards of the Agreement. We are further obliged to request that you not resell this firearm to civilians. This statement is not intended to suggest that there are any design flaws with this firearm, and you remain entitled to dispose of it in any lawful manner."

- C. Warnings about safe storage and handling.** Within 6 months of execution of this Agreement, manufacturer parties to this Agreement shall include in the packaging of each firearm sold a warning on risk of firearms in the home and proper home storage. At a minimum, these warnings shall state in 14 point type, bold face:

“This handgun is not equipped with a device that fully blocks use by unauthorized users. More than 200,000 firearms like this one are stolen from their owners every year in the United States. In addition, there are more than a thousand suicides each year by younger children and teenagers who get access to firearms. Hundreds more die from accidental discharge. It is likely that many more children sustain serious wounds, or inflict such wounds accidentally on others. In order to limit the chance of such misuse, it is imperative that you keep this weapon locked in a secure place and take other steps necessary to limit the possibility of theft or accident. Failure to take reasonable preventative steps may result in innocent lives being lost, and in some circumstances may result in your liability for these deaths.”

- D. Illegal firearms.** The manufacturer parties to this Agreement shall not sell firearms that can be readily converted to an illegal firearm, that is, a weapon designed in a manner so that with few additional parts and/or minimal modifications an owner can convert the firearm to an illegal fully automatic weapon; nor shall the firearms be designed so that they are resistant to fingerprints.

II. Sales and distribution.

In addition to complying with specific terms, the manufacturer parties to this Agreement will agree for themselves and as part of any distribution or agency agreement that they, and their authorized distributors and authorized dealers, including franchisees, shall commit to a standard of conduct to make every effort to eliminate sales of firearms that might lead to illegal firearm possession and/or misuse by criminals, unauthorized juveniles, and other prohibited persons ("suspect firearms sales"). Suspect firearm sales include sales made to straw

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Settlement Document

purchasers, multiple sales of handguns without reasonable explanation (excluding sales to FFLs), and sales made to any purchaser without a completed background check.

As specified in Part II.A.2 below, the manufacturer parties to this Agreement will take action against dealers and distributors that violate these requirements if the manufacturers receive actual notice of such a violation.

A. Authorized distributors and dealers.

1. The manufacturer parties to this Agreement may sell only to authorized distributors and authorized dealers. In order to qualify to become an authorized distributor or authorized dealer, the distributor or dealer must agree in writing to:

- a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state or federal law, and certify on an annual basis, under penalty of perjury, compliance with all local, state and federal firearms laws. - RF raised questions on perjury.
- NW response

- b. Execute in the presence of the purchaser the following elements of all firearms transactions at the premises listed on its federal firearms license: completion of the forms and related requirements under the Brady Act and the Gun Control Act and physical transfer of the firearm. - RF question
OK
[Clarify difference between dealer + distributor transactions to unlicensed purchasers.]

- c. [Where available] carry insurance coverage against liability for damage to property and for injury to or death of any person as a result of the sale, lease, or transfer of a firearm in amounts appropriate to its level of sales, but at a minimum no less than \$1 million for each incident of damage, injury or death. - RF questions
- OK

- d. Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check. OK

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- e. Within 24 months of the date of execution of this Agreement, maintain an inventory tracking plan for the products of the manufacturer parties to this Agreement that includes at a minimum the following elements:

(1) Electronic recording of the make, model, caliber or gauge, and serial number of all firearms that are acquired no later than one business day after their acquisition and electronic recording of their disposition no later than one business day after their disposition. Monthly backups of these records shall be maintained in a secure container designed to prevent loss by fire, theft, or other mishap.

* concerns about
longer dealers
with lots of records
- St said lets have a
copy kept somewhere
else?

(2) All firearms acquired but not yet disposed of must be accounted for through an electronic inventory check prepared once each month and maintained in a secure location.

(3) For authorized dealers and franchisees, all ATF Form 4473 firearm transaction records shall be retained on the dealer's business premises in a secure container designed to prevent loss by fire, theft, or other mishap.

→ "fire resistant container"

(4) If an audit of a distributor's or dealer's inventory reveals any firearms not accounted for, the distributor or dealer shall be subject to sanctions, including termination as an authorized distributor or dealer.

Specify sanctions

→ other sanctions may be suspension as authorized dealer

- f. Implement a security plan for securing firearms, including firearms in shipment. The plan must satisfy at least the following requirements:

(1) Display cases shall be locked at all times except when removing a single firearm to show a customer, and customers shall handle firearms only under the direct supervision of an employee;

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(2) All firearms shall be secured, other than during business hours, in a locked fireproof safe or vault in the licensee's business premises or in another secure and locked area; and

[space in store + display]

(All types of ammunition)
(3) Ammunition shall be stored separately from the firearms and out of reach of the customers. [What about exception for larger bulk packages of ammunition?] [Handgun ammunition easier]

g. Require persons under 18 years of age to be accompanied by a parent or guardian when they are in portions of the premises where firearms or ammunition are stocked or sold. [smaller gun stores - hunting stuff close to gun?] - What about not "harding firearms"? - separate handguns + long guns?

h. Not sell ammunition magazines that are able to accept more than 10 rounds regardless of the date of manufacture, not sell any semi-automatic assault weapon as defined in 18 U.S.C. 921(a)(30) regardless of the date of manufacture, provide safety locks and warnings with firearms, as specified in Section I above, and sell only firearms that comport with the design criteria of this Agreement.

i. Provide law enforcement, government regulators conducting compliance inspections, and the Oversight Commission, for purposes of determining compliance with conditions imposed as a result of this Agreement, or for any other authorized purpose, full access to any documents related to the acquisition and disposition of firearms deemed necessary by one of those parties.

j. Participate in and comply with all monitoring of firearms distribution by manufacturers, ATF or law enforcement.

k. Maintain an electronic record of all trace requests initiated by ATF, and report those trace requests by make, model and serial number of firearm, date of trace, and date of sale to the manufacturer of the firearm on a monthly basis, unless ATF, for investigative reasons, directs the licensee not to report certain traces.

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- l. Agree to cooperate fully in the oversight mechanism established in Section III of this Agreement, including providing access to all necessary documents, and to be subject to the jurisdiction of the court enforcing this Agreement.
- m. Require all employees to attend annual training developed by manufacturers in consultation with ATF and approved by the Oversight Commission. The training shall cover at a minimum: the law governing firearms transfers by licensees and individuals; how to recognize straw purchasers and other attempts to purchase firearms illegally; how to recognize indicators that firearms may be diverted for later sale or transfer to those not legally entitled to purchase them; how to respond to those attempts; and the safe handling and storage of firearms. New employees will receive training on the above topics, based on materials developed for the annual training, before handling or selling firearms and shall attend annual training thereafter. Such training may be delivered by electronic medium. Within 12 months of the date of execution of this Agreement and annually thereafter, the manufacturer parties to this Agreement will obtain from all authorized dealers and distributors certifications that such training has been completed, with a list of the names of all trained employees.
- n. Require all employees to pass a comprehensive written exam, which shall be developed by the manufacturers in consultation with ATF and approved by the Oversight Commission, on the material covered in the training before being allowed to sell or handle firearms. Any employee who fails to pass the exam shall be prohibited from selling or handling firearms on behalf of the distributor or dealer. The annual certification discussed in II.A.1.m, above, will include certification that all employees have passed the exam.

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- o. Not complete any transfer of a firearm prior to receiving notice from the NICS that the transferee is not a prohibited person under the Gun Control Act.
- p. Verify the validity of a licensee's federal firearms license against an ATF database before transferring a firearm to that licensee.
- q. Forgo any transfer of a firearm to a licensee if the dealer or distributor knows the licensee to be under indictment for violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
- r. Transfer firearms only:
 - (1) To individuals who have demonstrated that they can safely handle and store firearms through completion of a certified firearms safety training course or by having passed a certified firearms safety examination.
 - (2) After demonstrating to the purchaser how to load, unload, and safely store the firearm, and how to engage and disengage all safety devices on the firearm.
 - (3) After providing the purchaser with a copy of the ATF Disposition of Firearms Notice.
 - (4) After obtaining the purchaser's signature on a form certifying that the purchaser has received the instruction described in subparagraph (2) and the notice described in subparagraph (3) and maintaining that form in its files.
 - (5) After providing the purchaser with a written record of the make, model, caliber or gauge, and serial number of each firearm transferred to enable the purchaser to accurately describe the

firearm to law enforcement in the event that it is subsequently lost or stolen.

2. The manufacturer parties to the Agreement shall incorporate into any distribution or agency agreement with their authorized distributors and authorized dealers, including franchisees, procedures for terminating distributors, dealers or franchisees that engage in conduct in violation of this Agreement. Distributors and dealers shall agree to this enforcement system as a condition of becoming authorized. The manufacturer parties to this Agreement shall require annual certification by their authorized dealers and distributors that they are in compliance with the requirements in II.A.1(a-r) of this Agreement and applicable provisions of B. and C., below. If the manufacturer parties to this Agreement receive actual notice of a violation of the Agreement through their course of dealing with their authorized dealers and distributors, from ATF, state or local law enforcement, the Oversight Commission, another dealer or distributor, a customer or other credible source, the manufacturer parties to this Agreement will either immediately terminate sales to the dealer or distributor in violation or take the following actions. The manufacturer(s) that have authorized the dealer or distributor to sell its/their firearms will, individually or collectively, notify the dealer or distributor within seven (7) business days of learning of such violation and inform the dealer or distributor of the breach and request information regarding the breach. The distributor or dealer will then have fifteen (15) days to provide the manufacturer(s) with the requested information. If the manufacturer(s) determine that the dealer or distributor is in violation of this section of the Agreement, the manufacturer(s) will provide no further product to the distributor or dealer until the manufacturer(s) determine that the distributor or dealer is in compliance with the Agreement.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight

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Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

B. Authorized distributors - additional provision.

Authorized distributors must agree to sell the manufacturer's products only to other authorized distributors or authorized dealers or directly to government purchasers.

C. Authorized dealers -- additional provisions.

In addition to the requirements in section II(A)(1), authorized dealers must agree:

1. Not to sell any of the manufacturers' products to any federal firearms licensee that is not an authorized distributor or authorized dealer of that manufacturer.
2. Not to engage in sales that the dealer knows or has reason to know are being made to straw purchasers.
3. To adhere to the following procedure for multiple handgun sales. If a purchaser wants to purchase more than one handgun, the purchaser may take from the dealer only one handgun on the day of sale. The dealer at that point will file a Multiple Sales Report with ATF. The purchaser may take the additional handguns from the dealer 14 days thereafter. This provision shall not apply to sales to qualified private security companies licensed to do business within the State where the transfer occurs for use by the company in its security operations.

D. Manufacturers.

Each manufacturer must:

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1. Provide quarterly reports of its own sales data and downstream sales data, with the volume of sales by make, model, caliber and gauge, to ATF's National Tracing Center.
2. Not market any firearm in a way that would make the firearm particularly appealing to juveniles or criminals, such as advertising a firearm as "fingerprint resistant."
3. Refrain from selling any modified or sporterized semi-automatic assault pistol of a type that cannot be imported into the United States.
4. Reaffirm their longstanding policy and practice of not placing advertisements in the vicinity of schools, high crime zones, or public housing.
5. Verify the validity of a license against an ATF database before transferring a firearm to any licensee.
6. Forgo any transfer of a firearm to a licensee if the manufacturer knows the licensee to be under indictment violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
7. Implement a security plan for securing firearms, including firearms in shipment. The plan will include the following elements.
 - a. Employee and visitor movement into and out of the manufacturer's facility will be only through designated security control points; and visitors will be admitted only after positive identification and confirmation of the validity of the visit. Employees and visitors will pass through a metal detector before leaving.
 - b. All areas where firearms are assembled and stored will be designated as restricted areas. Access will be authorized only for those

employees whose work requires them to enter these areas or for escorted visitors. Protective barriers will be installed in restricted areas to deny or impede unauthorized access.

- c. Each facility or area where firearms, ammunition, or components are stored will be provided with a system to detect unauthorized entry.
 - d. If firearms are shipped in cartons, the cartons will bear no identifying marks or words. The manufacturer parties to this Agreement will use only very strong cartons to protect against concealed pilferage in truck shipments, and large cartons will be secured with steel strapping in two directions. The manufacturer parties to this Agreement will use only carriers and freight forwarders that warrant in writing that they conduct criminal background checks on delivery personnel and report all thefts or losses of firearms to ATF within 48 hours of learning of the theft or loss. The manufacturer parties to this Agreement will inspect carriers' and forwarders' local facilities periodically.
8. Encourage its authorized dealers and distributors to consent to up to three unannounced ATF compliance inspections each year.

E. Corporate responsibility.

If ATF or the Oversight Commission informs the manufacturer parties to this Agreement that a disproportionate number of crime guns have been traced to a dealer or distributor within three years of the gun's sale, the manufacturer(s) that have authorized the dealer or distributor to sell guns will either immediately terminate sales to the dealer or distributor or take the following actions. The manufacturers will, individually or collectively, notify the dealer or distributor of the disproportionate number within seven (7) days and demand an explanation and proposal to avoid a disproportionate number of traces in the future. The dealer or distributor will have fifteen (15) days to provide the explanation and proposal. If the

manufacturer(s) determine that the explanation and proposal are not satisfactory, the manufacturer(s) will terminate supplies to the dealer or distributor. If the manufacturer(s) determine that the explanation and proposal are satisfactory, the manufacturer will continue supplies, but will closely monitor traces to the dealer or distributor in question. If disproportionate traces continue, the manufacturer(s) will terminate supplies to the dealer or distributor.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

Disproportionate number of crime guns: Upon execution of this Agreement, the Oversight Commission will convene to determine a formula to identify what constitutes a disproportionate number of crime guns. In determining the formula, the Oversight Commission shall consider the available data and establish procedures to ensure that the relevant data is obtained. This provision will not take effect until the Oversight Commission sets the formula and a mechanism for its implementation.

III. Oversight

A. Oversight Commission.

1. **Composition.** An Oversight Commission comprised of five members shall be formed. The Commission members shall serve five-year terms except for first terms as noted and shall be appointed as follows:
 - a. Two members by the city and county parties to the Agreement. First appointees to serve two- and three-year terms, respectively.

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- b. One by the State parties to the Agreement. First appointee to serve a three-year term.
 - c. One member by the manufacturer parties to the Agreement. First appointee to serve a four-year term.
 - d. One selected by ATF. First appointee to serve a five-year term.
2. **Authority.** -- The Oversight Commission, which will operate by majority vote, will be empowered to oversee the implementation of this Agreement. Its authorities will include but not be limited to the authority to (1) review the findings of ATF or the proofing entity that will oversee the design and safety requirements of Part I of this Agreement, (2) maintain records of firearms sold pursuant to the law enforcement exception, as set forth in Part I.B of this Agreement, (3) review the safety training materials and test set forth in Parts II.A.1.m-n of this Agreement, and (4) participate in the oversight of the distribution and sales provisions established in Part II of this Agreement, as set forth in Parts II.A.2 and II.E.

The Oversight Commission shall have a staff, which will be entitled to inspect participating manufacturers and their authorized dealers and distributors to ensure compliance with the Agreement. The costs of the Commission shall be funded by the parties to the Agreement. Each manufacturer party to this Agreement will pay no more than \$25,000 annually.

- B. **Role of ATF.** -- ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective accomplishment of its law enforcement responsibilities, ATF will work with the manufacturer parties to the Agreement and the Oversight Commission to

assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the following provisions in its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission: II(A)(1)(a), (b), (e), (h), (i), (j), (k), (o), (p), and (q), (C)(2) and (D)(1) and (5). Nothing in this paragraph shall diminish the obligation of the manufacturer parties to this Agreement to make reasonable efforts to identify noncompliance and respond to notifications of violations from parties other than ATF.

C. Manufacturer cooperation.

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer and shall provide the compliance officer with sufficient resources and staff to fulfill the officer's responsibilities under this agreement.
2. The compliance officer shall be responsible for
 - a. Ensuring that the manufacturer fulfills its obligations under this agreement;
 - b. Training the manufacturer's officers and employees on the obligations imposed by this agreement; and
 - c. Serving as the liaison to the Oversight Commission.
3. Each manufacturer shall commit to full cooperation in the implementation and enforcement of this Agreement.

IV. Cooperation with Law Enforcement.

- A. The manufacturer parties to this Agreement reaffirm their commitment to cooperate fully with law enforcement and regulators to eliminate illegal firearms sales and possession.

- B. Within six (6) months of the effective date of this Agreement, if technologically available, the manufacturer parties to this Agreement shall fire each firearm before sale and enter the digital image of its casing along with the weapon's serial number into a system compatible with the National Integrated Ballistics Identification Network system. The digital image shall be made available electronically to ATF's National Tracing Center.
- C. Manufacturers shall participate in ATF's Access 2000 program to facilitate electronic linkage to their inventory system to allow for rapid responses to ATF's firearms trace requests.

V. Legislation.

The parties to this Agreement will work together to support legislative efforts to reduce firearms misuse and the development of authorized user technology.

VI. Education trust fund.

Upon resolution of the current lawsuits brought by cities, counties, or States, the manufacturer parties to this Agreement shall dedicate one percent of annual firearms revenues to a trust fund to implement a public service campaign to inform the public about the risk of firearms misuse, safe storage, and the need to dispose of firearms responsibly.

VII. Most favored entity.

If the manufacturer parties to this Agreement enter into an agreement with any other entity wherein they commit to institute design or distribution reforms that are more expansive than any of the above-enumerated items, such reforms will become a part of this Agreement as well.

In addition, if firearms manufacturers that are not party to this Agreement agree to design or distribution reforms that are more expansive than any of

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the above-enumerated items, and if the manufacturers who are party to the other agreement(s) with more expansive terms, in combination with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, manufacturer parties to this Agreement will agree to abide by the same design and distribution measures.

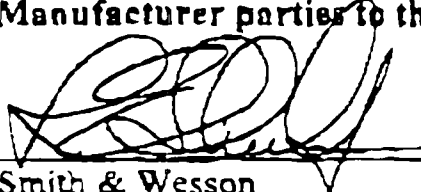
VIII. Enforcement.

The Agreement will be entered and is enforceable as a Court order and as a contract.

Dated this 17 day of March, 2000.

Approved and Authorized by:

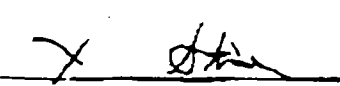
Manufacturer parties to this Agreement:



Smith & Wesson

Governmental parties to this Agreement:

Department of the Treasury



Department of Housing and Urban Development

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the above-enumerated items, and if the manufacturers who are party to the other agreement(s) with more expansive terms, in combination with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, manufacturer parties to this Agreement will agree to abide by the same design and distribution measures.

VIII. Enforcement.

The Agreement will be entered and is enforceable as a Court order and as a contract.

Dated this ____ day of March, 2000.

Approved and Authorized by:

Manufacturer parties to this Agreement:

Smith & Wesson

Governmental parties to this Agreement:



Department of the Treasury



Department of Housing and Urban Development

National Firearms Litigation Meeting
April 25, 2000

AGENDA

- I. Smith & Wesson Settlement Follow-Up
 - A. Consent decree status
 - B. Oversight Commission status
 - C. Private attorney meeting
- II. Future negotiations
 - A. Review of discussion draft
- III. Communities for Safer Guns Coalition
 - A. Progress report

The following identifies changes that could be made to the Smith & Wesson Agreement. It incorporates comments received from various plaintiffs.

I. SAFETY AND DESIGN

- A. The agreement currently incorporates the Massachusetts Attorney General regulations, 940 CMR § 16.00, et seq. Consider incorporating the federal import standards promulgated under 18 U.S.C. § 925, the standards recently passed in California regarding "Saturday Night Specials," and others. Consider including melt-point or metal density requirements.
1. Standards applicable to all handguns:
 - a. **Second serial number.** Consider adding explicit requirement that it be strong enough to prevent defacement, visible only with the aid of infrared detector or other device, and that manufacturer notify law enforcement of its location upon request.
 - b. **External locking device.**
 - c. **Internal locking device.**
 - d. **Authorized user technology.** Consider requiring manufacturers actually to put out designs for sale with authorized user technology within 36 months. Consider expanding requirement to current designs.
 - e. **Child safety.** Consider limiting to the first sentence only. The specific options that follow – e.g., the 10 lb. trigger pull – may or may not prevent all children under 6 from being able to fire the weapon.
 - f. **Minimum barrel length.** Consider absolute minimum size requirements, regardless of accuracy.
 - g. **Performance test.**
 - h. **Drop test.**
 2. Additional standards for pistols:
 - a. **Safety device.**

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- b. **Minimum length and height standards.** Consider absolute minimum size requirements, regardless of accuracy.
 - c. **Magazine disconnect safeties.** Consider mandating magazine disconnects on all pistols.
 - d. **Chamber load indicator.** Consider requiring that the chamber load indicator “effectively alert” operators to the existence of a bullet in the chamber. Consider requiring a printed warning engraved on gun alerting the user to the indicator and its purpose, along with warnings and instructions in the packaging enclosing the gun.
 - e. **Large capacity magazines.** Consider preventing manufacturers from manufacturing existing models that accept grandfathered large capacity magazines.
 - f. **Additional safety features.**
3. **Additional standards for revolvers.** Conduct testing to ensure that these standards address the problem of certain revolver makes and models that cause very high numbers of accidental misfires, such as the single action Ruger “Old Model.”
- B. **Law enforcement and military exception.**
- I. **Certification.** Consider making explicit that manufacturers, distributors, and dealers cannot sell these law enforcement guns to civilian buyers.
- C. **Warnings about safe storage and handling.** Consider adding warning that the weapon must be kept locked in a secure place, and that the ammunition must be kept securely locked in a separate location.
- D. **Illegal firearms.**
- E. **Upgrade Programs.** Consider adding clause requiring manufacturers to retrofit existing weapons previously sold to the public as technological safety improvements are made. Consider requiring retrofitting at cost, and that manufacturers widely advertise this offer.

II. SALES AND DISTRIBUTION

- A. **Authorized distributors and dealers.**

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1. **Sale only to authorized distributors and dealers.** Consider limiting authorized dealers to stocking gun dealers who carry a minimum gun inventory.
 - a. **Valid FFL, etc.**
 - b. **Complete Brady form and 4473 in presence of purchaser.**
 - c. **Insurance.** Consider eliminating “where available” clause.
 - d. **Gun shows.** Consider adding restrictions on internet sales.
 - e. **Inventory tracking.** Consider requiring implementation in less than two years.
 - f. **Security plan.** Consider adding California requirements. Consider adding restrictions on employees under 18 and requiring background checks on employees.
 - g. **Persons under 18 in stores.**
 - h. **High-capacity ammunition magazines, assault weapons, safety locks, firearms that comport with design criteria.**
 - i. **Access to documents.** Consider expanding documents to which access is provided. Consider imposing a similar requirement on manufacturers.
 - j. **Comply with monitoring by manufacturers, ATF or law enforcement.** Consider requiring consent to expanded monitoring by law enforcement.
 - k. **Electronic record of trace requests.** Consider requiring these reports to be made within 24 or 48 hours.
 - l. **Cooperation with oversight mechanism.** Consider giving the Oversight Commission express authority to demand production of all necessary documents.
 - m. **Training.** Consider specifying disciplinary procedure for employees who do not follow these training

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principles. Consider requiring the names of the trained employees to be forwarded to the Oversight Commission.

- n. **Written test.**
- o. **No sales without NICS.**
- p. **Verify validity of FFL against database before transfer.** Consider adding requirement that they verify that the dealer or distributor is licensed.
- q. **No transfer if FFL known under indictment.**
- r. **Transfer firearms only:**
 - (i) **To individuals who demonstrate having taken safety course or passed safety exam.** Consider giving Oversight Commission authority to determine standards for what must be covered in this course and exam.
 - (ii) **Demonstrate how to load.** Consider adding requirement that dealer explain the circumstances for which the safety devices are designed to prevent the firing of the firearm.
 - (iii) **Provide purchaser ATF Disposition of Firearm notice.**
 - (iv) **Purchaser signs form certifying he's received instruction and form above.**
 - (v) **Provide make, model, and serial number to purchaser to accurately report in the event of theft.**

NEW:

- s. **Volume of sales.** Consider adding requirement that dealers and distributors provide manufacturers and the Oversight Commission with their volume of sales to help determine if there is a disproportionate number of ATF traces coming from that source.
- t. **Monthly reports of make, model, and serial number of all *used* guns taken into inventory.** If dealers had to

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report used guns they acquire and resell, this would enable ATF to complete traces on thousands of firearms that are presently untraceable.

2. **Enforcement.** Consider adding a stepped series of sanctions, requiring retraining and/or fines for minor infractions, suspension and/or larger fines for significant infractions, and termination and/or even greater fines for serious infractions.
- B. **Distributors – additional provision.**
- C. **Dealers – additional provisions.**
 1. **Sales to other FFLs limited to other authorized dealers.**
 2. **Straw sales.** Consider adding the following language:

“Furthermore, no sales or transfers of any firearm or ammunition shall be made to anyone whom the dealer knows or has reason to believe will divert firearms, intentionally or otherwise, for later sale or transfer to those not legally entitled to purchase handguns or other firearms under federal, state, or local laws.”
 3. **Multiple sales.** Consider requiring dealers to agree to an absolute limit on the number of guns to be sold to any purchaser within a specified time period, and also agree to an annual cap.
- D. **Manufacturers and importers.**
 1. **Quarterly reports.**
 2. **Fingerprint resistance.**
 3. **Modified assault pistols.** Consider adding limits on modified assault rifles as well as assault pistols.
 4. **Ads near schools.** Consider requiring manufacturers not to run advertisements touting guns as improving home safety.
 5. **Verify validity of FFL license.** Consider requiring manufacturers to visit and inspect the premises before permitting a dealer or distributor to become “authorized,” and at some reasonable interval thereafter. A number of compliance issues could be verified at this stage, including compliance with local zoning, having a storefront, having completed training of employees, presence of proper security, etc.

6. **Sales to indicted FFLs.**
7. **Implement security plan.** Consider adding any additional requirements in California law.
8. **3 ATF visits.** Consider making consent to 3 ATF visits mandatory for authorized dealers and distributors.

E. Corporate responsibility. Consider giving Oversight Commission authority to conduct periodic random "suspect" purchases. Consider adding a series of stepped sanctions, including monetary fines. An ATF compliance audit and retraining could be triggered at a very low level of traces, suspension for somewhat more, and termination at a higher level.

I. OVERSIGHT

A. Oversight Commission

1. Composition.

2. **Authority.** Consider additional explicit authorities: (1) ability to set the employee training standards; (2) ability to set the safety training and training test standards for purchasers; (3) authority to assess fines and determine sanctions for dealers and distributors; (4) authority to sanction manufacturers and assess fines for violations of the agreement, (5) access to manufacturer documents.

Staff. Consider increasing funding for Oversight Commission. Consider requiring manufacturers to fund data collection efforts designed to monitor compliance with the agreement.

B. Role of ATF.

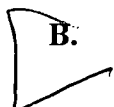
C. Manufacturer cooperation.

1. Compliance officer.

2. **Compliance officer responsibilities.** Consider adding express requirement that the compliance officer review ATF trace data and act on it immediately if a threshold level of traces are received from any dealer.

3. **Full cooperation.** Consider adding express requirement that manufacturers turn over documents to the Oversight Commission.

IV. COOPERATION WITH LAW ENFORCEMENT**A. Reaffirm cooperation with law enforcement.**

 **B. Ballistics.** Consider requiring manufacturers to track bullets as well as casings.

C. Access 2000. Consider requiring manufacturers to commit to keeping track of trace requests of their guns.**V. LEGISLATION**

Consider requiring endorsement of federal regulation of gun safety.

VI. EDUCATION TRUST FUND

Consider making this requirement effective immediately and increasing manufacturer contribution. Consider making the content of the campaign subject to the approval of the Oversight Commission.

VII. MOST FAVORED ENTITY.**VIII. ENFORCEMENT**

Consider stating specifically where the agreement will be entered.

I. OTHER CLAUSES NOT INCLUDED

1. **Sanctions.** Consider giving the Oversight Commission broader authority to impose sanctions on all parties for non-compliance with any terms of the agreement.
2. **Cooperation with litigation.** Consider requiring manufacturers to cooperate with plaintiffs against manufacturers who are not signatories to the agreement by providing documents and testimony relevant to those proceedings.
3. **Attorney's fees and costs.** Consider requiring manufacturers to pay attorney's fees and costs.
4. **Successors and assigns.** Consider adding clause expressly binding successors and assigns.

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5. **Jurisdiction.** Consider adding requirement that signatories consent to jurisdiction of the court which will enforce their specific agreement.
6. **Bankruptcy.** Consider adding a clause requiring the agreement to remain in full force and effect during the pendency of any bankruptcy proceeding.

AGREEMENT

Preamble

The manufacturer parties to the Agreement and the Department of the Treasury, the Department of Housing and Urban Development, and the undersigned state, city and county parties to the Agreement enter into this Agreement to reduce the criminal misuse of firearms, combat the illegal acquisition, possession and trafficking of firearms, reduce the incidence of firearms accidents, and educate the public on the safe handling and storage of firearms. Furthermore, the manufacturer parties to the Agreement enter into this Agreement as a continuation of their efforts to make their firearms as safe as practicable for their customers and the public. Accordingly, in consideration of the commitments set forth below:

1. The undersigned state, city, and county parties to the Agreement dismiss the manufacturer parties to the Agreement with prejudice from the lawsuits specified in Appendix A subject to any consent orders entered pursuant to paragraph VIII; and
2. The undersigned state, city and federal parties to the Agreement agree to refrain from filing suit against the manufacturer parties to the Agreement on an equivalent cause of action.

The parties agree that this Agreement constitutes the full and complete settlement of any and all claims that were raised or could have been raised in the subject litigation. The parties agree further that this Agreement does not constitute an admission of any violation of law, rule or regulation by the manufacturer parties to the Agreement, or any of their employees. Nothing in this Agreement shall be construed to be an admission of liability. The adoption of standards for firearms design and distribution in this Agreement shall not be construed as an admission by the manufacturer parties to the Agreement that practices they engaged in prior to the execution of this Agreement were negligent.

I. Safety and design.

A. Each firearm make and model sold by each manufacturer party to this Agreement shall be tested by ATF or an agreed upon proofing entity against the following standards. Existing makes and models shall meet these standards within 60 days of execution of this Agreement unless a longer period is specified in the standard. New makes and models shall not be manufactured and sold after the execution of this Agreement unless they conform to these standards.

1. Standards applicable to all handguns:

- a. **Second "hidden" serial number.** The gun must have both a visible serial number on the exterior of the frame or receiver, as well as a second serial number hidden on the interior of frame or receiver (e.g., under the grips) or visible only with the aid of an optical instrument.
- b. **External locking device.** As an interim measure, until the implementation of I.A.1.c, within 60 days of execution of the Agreement, each firearm shall be supplied with an external locking device that effectively prevents the operation of the firearm when locked.
- c. **Internal locking device.** Within 24 months of execution of the Agreement, each firearm shall have a built-in, on-board locking system, by which the firearm can only be operated with a key or combination or other mechanism unique to that gun.
- d. **Authorized user technology.** The manufacturer parties to this Agreement shall each commit two percent of annual firearms sales revenues to the development of a technology that recognizes only authorized users and permits a gun to be used only by authorized persons. Within 36 months of the date of execution of this Agreement, this technology shall be incorporated in all new firearm

designs, with the exception of curios and collectors' firearms. This requirement does not apply to existing designs currently in production.

If the eight firearms manufacturers and/or importers with the largest United States firearms sales volume agree to incorporate authorized user technology in all firearms, the manufacturer parties to this Agreement will incorporate authorized user technology in all firearms.

- e. **Child safety.** Within 12 months of execution of the Agreement, each firearm shall be designed so that it cannot be readily operated by a child under the age of 6. Such mechanisms include: making the trigger pull resistance at least ten pounds in the double action mode; or designing the firing mechanism so that an average five year old's hands would be too small to operate the gun; or requiring multiple, sequenced actions in order to fire the gun.
- f. **Minimum barrel length.** Each firearm make and model must have a barrel length of at least 3", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- g. **Performance test:** A sample of each firearm make and model will be test-fired with "proof cartridges" (cartridges loaded to generate excess pressure as set forth in accepted specifications for proof cartridges) to ensure the integrity of the material. At least one cartridge shall be fired from each chamber. Following this test firing, the firearm will be examined for hairline cracks or other signs of material failure and

will pass this test only if there are no hairline cracks or other signs of material failure. Each firearm make and model shall also pass the following performance test: the gun shall fire 600 rounds, stopping only every 100 rounds to tighten any loose screws and to clean the gun (if required by the cleaning schedule recommended in the manual), or as needed to refill the empty magazine or cylinder to capacity before continuing. For any gun that loads other than with a detachable magazine, the tester shall pause every 50 rounds for ten minutes. The tester shall use the ammunition recommended in the user's manual, or if none is recommended, any standard ammunition of the correct caliber in new condition. A gun shall pass this test if it fires the first 20 rounds without a malfunction and the full 600 rounds with no more than 6 malfunctions and without any crack or breakage of an operating part of the gun that increases the danger of injury.

- 1. Malfunctions caused by failure to clean and lubricate, or by defective ammunition, shall not be counted.
- h. **Drop test.** Pass the more rigorous of: (a) the SAAMI Standard drop test in effect on the date the firearm is sold; or (b) the following test: The gun shall be test-loaded, set such that it is ready to fire and dropped onto a steel plate or equivalent material of similar hardness from a height of one meter from each of the following positions: (1) normal firing position; (2) upside down; (3) on the grip; (4) on the muzzle; (5) on either side; and (6) on the exposed hammer or striker (or, if no exposed hammer or striker, on the rearmost part of the gun). If the gun is so designed so that its hammer or striker may be set in other positions, it shall be tested with the hammer or striker in each such position (but otherwise ready to fire).

2. Additional standards for pistols:

- a. **Safety device.** The pistol must have a positive manually operated safety device as determined by standards relating to imported guns promulgated by ATF.

- b. **Minimum length and height standards.** The pistol's combined length and height must not be less than 10" with the height being at least 4" and the length being at least 6", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- c. **Magazine disconnect.** Within 12 months of execution of the Agreement, each pistol shall have a magazine disconnect available for those customers who desire the feature.
- d. **Chamber load indicator.** Within 12 months of the execution of the Agreement, each pistol shall have a chamber load indicator painted in a prominent, contrasting color or a feature that allows the operator physically to see the round in the chamber.
- e. **Large capacity magazines.** No pistol make or model designed after January 1, 2000 shall be able to accept magazines manufactured prior to September 14, 1994, with a greater than 10 round capacity, and such models shall not be capable of being easily modified to accept such magazines. Nor shall ammunition magazines that are able to accept more than 10 rounds be sold by the manufacturer parties to this Agreement or their authorized dealers and distributors. See Part II.A.1.h, below.
- f. **Additional safety features.** Each pistol must have a firing pin block or lock.

3. **Additional standard for revolvers.** Each revolver make and model must pass a safety test. Each make and model must have a safety feature which automatically (for a double action revolver) or by manual operation (for a single action revolver) causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge. The safety device must withstand the impact of a weight equal to the weight of the revolver dropping from a distance of 1 meter in a line parallel to the barrel upon the rear of the hammer spur, a total of 5 times.

B. Law enforcement and military exception. An exception to a requirement of paragraph A may be granted for firearms manufactured or imported for sale to a law enforcement agency or the military if the law enforcement agency or military organization certifies to the manufacturer party to this Agreement that the exception is necessary for official purposes. Where a law enforcement agency authorizes or requires its officers to purchase firearms individually for official use, an appropriate certification from the agency will be permitted to apply to sales to a number of individual officers. The manufacturer party to this Agreement shall maintain the certification in its records and provide a copy to the Oversight Commission. Firearms sold to law enforcement or the military pursuant to this exception, which do not comply with the design standards of this Agreement, will be accompanied by a statement:

1. "On [date], [manufacturer parties to this Agreement] and [governmental parties to this Agreement] entered into an Agreement establishing certain design standards for firearms sold to civilians. Pursuant to that Agreement, we are obliged to inform you that this firearm does not comply with all of the design standards of the Agreement. We are further obliged to request that you not resell this firearm to civilians. This statement is not intended to suggest that there are any design flaws with this firearm, and you remain entitled to dispose of it in any lawful manner."

- C. **Warnings about safe storage and handling.** Within 6 months of execution of this Agreement, manufacturer parties to this Agreement shall include in the packaging of each firearm sold a warning on risk of firearms in the home and proper home storage. At a minimum, these warnings shall state in 14 point type, bold face:

"This handgun is not equipped with a device that fully blocks use by unauthorized users. More than 200,000 firearms like this one are stolen from their owners every year in the United States. In addition, there are more than a thousand suicides each year by younger children and teenagers who get access to firearms. Hundreds more die from accidental discharge. It is likely that many more children sustain serious wounds, or inflict such wounds accidentally on others. In order to limit the chance of such misuse, it is imperative that you keep this weapon locked in a secure place and take other steps necessary to limit the possibility of theft or accident. Failure to take reasonable preventative steps may result in innocent lives being lost, and in some circumstances may result in your liability for these deaths."

- D. **Illegal firearms.** The manufacturer parties to this Agreement shall not sell firearms that can be readily converted to an illegal firearm, that is, a weapon designed in a manner so that with few additional parts and/or minimal modifications an owner can convert the firearm to an illegal fully automatic weapon; nor shall the firearms be designed so that they are resistant to fingerprints.

II. Sales and distribution.

In addition to complying with specific terms, the manufacturer parties to this Agreement will agree for themselves and as part of any distribution or agency agreement that they, and their authorized distributors and authorized dealers, including franchisees, shall commit to a standard of conduct to make every effort to eliminate sales of firearms that might lead to illegal firearm possession and/or misuse by criminals, unauthorized juveniles, and other prohibited persons ("suspect firearms sales"). Suspect firearm sales include sales made to straw

purchasers, multiple sales of handguns without reasonable explanation (excluding sales to FFLs), and sales made to any purchaser without a completed background check.

As specified in Part II.A.2 below, the manufacturer parties to this Agreement will take action against dealers and distributors that violate these requirements if the manufacturers receive actual notice of such a violation.

A. Authorized distributors and dealers.

1. The manufacturer parties to this Agreement may sell only to authorized distributors and authorized dealers. In order to qualify to become an authorized distributor or authorized dealer, the distributor or dealer must agree in writing to:
 - a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state or federal law, and certify on an annual basis, under penalty of perjury, compliance with all local, state and federal firearms laws.
 - b. Execute in the presence of the purchaser the following elements of all firearms transactions at the premises listed on its federal firearms license: completion of the forms and related requirements under the Brady Act and the Gun Control Act and physical transfer of the firearm.
 - c. Where available, carry insurance coverage against liability for damage to property and for injury to or death of any person as a result of the sale, lease, or transfer of a firearm in amounts appropriate to its level of sales, but at a minimum no less than \$1 million for each incident of damage, injury or death.
 - d. Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check.

- e. Within 24 months of the date of execution of this Agreement, maintain an inventory tracking plan for the products of the manufacturer parties to this Agreement that includes at a minimum the following elements:
 - (1) Electronic recording of the make, model, caliber or gauge, and serial number of all firearms that are acquired no later than one business day after their acquisition and electronic recording of their disposition no later than one business day after their disposition. Monthly backups of these records shall be maintained in a secure container designed to prevent loss by fire, theft, or other mishap.
 - (2) All firearms acquired but not yet disposed of must be accounted for through an electronic inventory check prepared once each month and maintained in a secure location.
 - (3) For authorized dealers and franchisees, all ATF Form 4473 firearm transaction records shall be retained on the dealer's business premises in a secure container designed to prevent loss by fire, theft, or other mishap.
 - (4) If an audit of a distributor's or dealer's inventory reveals any firearms not accounted for, the distributor or dealer shall be subject to sanctions, including termination as an authorized distributor or dealer.
- f. Implement a security plan for securing firearms, including firearms in shipment. The plan must satisfy at least the following requirements:
 - (1) Display cases shall be locked at all times except when removing a single firearm to show a customer, and customers shall handle firearms only under the direct supervision of an employee;

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- (2) All firearms shall be secured, other than during business hours, in a locked fireproof safe or vault in the licensee's business premises or in another secure and locked area; and
- (3) Ammunition shall be stored separately from the firearms and out of reach of the customers.
- g. Require persons under 18 years of age to be accompanied by a parent or guardian when they are in portions of the premises where firearms or ammunition are stocked or sold.
- h. Not sell ammunition magazines that are able to accept more than 10 rounds regardless of the date of manufacture, not sell any semi-automatic assault weapon as defined in 18 U.S.C. 921(a)(30) regardless of the date of manufacture, provide safety locks and warnings with firearms, as specified in Section I above, and sell only firearms that comport with the design criteria of this Agreement.
- i. Provide law enforcement, government regulators conducting compliance inspections, and the Oversight Commission, for purposes of determining compliance with conditions imposed as a result of this Agreement, or for any other authorized purpose, full access to any documents related to the acquisition and disposition of firearms deemed necessary by one of those parties.
- j. Participate in and comply with all monitoring of firearms distribution by manufacturers, ATF or law enforcement.
- k. Maintain an electronic record of all trace requests initiated by ATF, and report those trace requests by make, model and serial number of firearm, date of trace, and date of sale to the manufacturer of the firearm on a monthly basis, unless ATF, for investigative reasons, directs the licensee not to report certain traces.

- l. Agree to cooperate fully in the oversight mechanism established in Section III of this Agreement, including providing access to all necessary documents, and to be subject to the jurisdiction of the court enforcing this Agreement.
- m. Require all employees to attend annual training developed by manufacturers in consultation with ATF and approved by the Oversight Commission. The training shall cover at a minimum: the law governing firearms transfers by licensees and individuals; how to recognize straw purchasers and other attempts to purchase firearms illegally; how to recognize indicators that firearms may be diverted for later sale or transfer to those not legally entitled to purchase them; how to respond to those attempts; and the safe handling and storage of firearms. New employees will receive training on the above topics, based on materials developed for the annual training, before handling or selling firearms and shall attend annual training thereafter. Such training may be delivered by electronic medium. Within 12 months of the date of execution of this Agreement and annually thereafter, the manufacturer parties to this Agreement will obtain from all authorized dealers and distributors certifications that such training has been completed, with a list of the names of all trained employees.
- n. Require all employees to pass a comprehensive written exam, which shall be developed by the manufacturers in consultation with ATF and approved by the Oversight Commission, on the material covered in the training before being allowed to sell or handle firearms. Any employee who fails to pass the exam shall be prohibited from selling or handling firearms on behalf of the distributor or dealer. The annual certification discussed in II.A.1.m, above, will include certification that all employees have passed the exam.

- o. Not complete any transfer of a firearm prior to receiving notice from the NICS that the transferee is not a prohibited person under the Gun Control Act.
- p. Verify the validity of a licensee's federal firearms license against an ATF database before transferring a firearm to that licensee.
- q. Forgo any transfer of a firearm to a licensee if the dealer or distributor knows the licensee to be under indictment for violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
- r. Transfer firearms only:
 - (1) To individuals who have demonstrated that they can safely handle and store firearms through completion of a certified firearms safety training course or by having passed a certified firearms safety examination.
 - (2) After demonstrating to the purchaser how to load, unload, and safely store the firearm, and how to engage and disengage all safety devices on the firearm.
 - (3) After providing the purchaser with a copy of the ATF Disposition of Firearms Notice.
 - (4) After obtaining the purchaser's signature on a form certifying that the purchaser has received the instruction described in subparagraph (2) and the notice described in subparagraph (3) and maintaining that form in its files.
 - (5) After providing the purchaser with a written record of the make, model, caliber or gauge, and serial number of each firearm transferred to enable the purchaser to accurately describe the

firearm to law enforcement in the event that it is subsequently lost or stolen.

2. The manufacturer parties to the Agreement shall incorporate into any distribution or agency agreement with their authorized distributors and authorized dealers, including franchisees, procedures for terminating distributors, dealers or franchisees that engage in conduct in violation of this Agreement. Distributors and dealers shall agree to this enforcement system as a condition of becoming authorized. The manufacturer parties to this Agreement shall require annual certification by their authorized dealers and distributors that they are in compliance with the requirements in II.A.1(a-r) of this Agreement and applicable provisions of B. and C., below. If the manufacturer parties to this Agreement receive actual notice of a violation of the Agreement through their course of dealing with their authorized dealers and distributors, from ATF, state or local law enforcement, the Oversight Commission, another dealer or distributor, a customer or other credible source, the manufacturer parties to this Agreement will either immediately terminate sales to the dealer or distributor in violation or take the following actions. The manufacturer(s) that have authorized the dealer or distributor to sell its/their firearms will, individually or collectively, notify the dealer or distributor within seven (7) business days of learning of such violation and inform the dealer or distributor of the breach and request information regarding the breach. The distributor or dealer will then have fifteen (15) days to provide the manufacturer(s) with the requested information. If the manufacturer(s) determine that the dealer or distributor is in violation of this section of the Agreement, the manufacturer(s) will provide no further product to the distributor or dealer until the manufacturer(s) determine that the distributor or dealer is in compliance with the Agreement.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight

Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

B. Authorized distributors - additional provision.

Authorized distributors must agree to sell the manufacturer's products only to other authorized distributors or authorized dealers or directly to government purchasers.

C. Authorized dealers -- additional provisions.

In addition to the requirements in section II(A)(1), authorized dealers must agree:

1. Not to sell any of the manufacturers' products to any federal firearms licensee that is not an authorized distributor or authorized dealer of that manufacturer.
2. Not to engage in sales that the dealer knows or has reason to know are being made to straw purchasers.
3. To adhere to the following procedure for multiple handgun sales. If a purchaser wants to purchase more than one handgun, the purchaser may take from the dealer only one handgun on the day of sale. The dealer at that point will file a Multiple Sales Report with ATF. The purchaser may take the additional handguns from the dealer 14 days thereafter. This provision shall not apply to sales to qualified private security companies licensed to do business within the State where the transfer occurs for use by the company in its security operations.

D. Manufacturers.

Each manufacturer must:

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1. Provide quarterly reports of its own sales data and downstream sales data, with the volume of sales by make, model, caliber and gauge, to ATF's National Tracing Center.
2. Not market any firearm in a way that would make the firearm particularly appealing to juveniles or criminals, such as advertising a firearm as "fingerprint resistant."
3. Refrain from selling any modified or sporterized semi-automatic assault pistol of a type that cannot be imported into the United States.
4. Reaffirm their longstanding policy and practice of not placing advertisements in the vicinity of schools, high crime zones, or public housing.
5. Verify the validity of a license against an ATF database before transferring a firearm to any licensee.
6. Forgo any transfer of a firearm to a licensee if the manufacturer knows the licensee to be under indictment violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
7. Implement a security plan for securing firearms, including firearms in shipment. The plan will include the following elements.
 - a. Employee and visitor movement into and out of the manufacturer's facility will be only through designated security control points, and visitors will be admitted only after positive identification and confirmation of the validity of the visit. Employees and visitors will pass through a metal detector before leaving
 - b. All areas where firearms are assembled and stored will be designated as restricted areas. Access will be authorized only for those

employees whose work requires them to enter these areas or for escorted visitors. Protective barriers will be installed in restricted areas to deny or impede unauthorized access.

- c. Each facility or area where firearms, ammunition, or components are stored will be provided with a system to detect unauthorized entry.
 - d. If firearms are shipped in cartons, the cartons will bear no identifying marks or words. The manufacturer parties to this Agreement will use only very strong cartons to protect against concealed pilferage in truck shipments, and large cartons will be secured with steel strapping in two directions. The manufacturer parties to this Agreement will use only carriers and freight forwarders that warrant in writing that they conduct criminal background checks on delivery personnel and report all thefts or losses of firearms to ATF within 48 hours of learning of the theft or loss. The manufacturer parties to this Agreement will inspect carriers' and forwarders' local facilities periodically.
8. Encourage its authorized dealers and distributors to consent to up to three unannounced ATF compliance inspections each year.

E. Corporate responsibility.

If ATF or the Oversight Commission informs the manufacturer parties to this Agreement that a disproportionate number of crime guns have been traced to a dealer or distributor within three years of the gun's sale, the manufacturer(s) that have authorized the dealer or distributor to sell guns will either immediately terminate sales to the dealer or distributor or take the following actions. The manufacturers will, individually or collectively, notify the dealer or distributor of the disproportionate number within seven (7) days and demand an explanation and proposal to avoid a disproportionate number of traces in the future. The dealer or distributor will have fifteen (15) days to provide the explanation and proposal. If the

manufacturer(s) determine that the explanation and proposal are not satisfactory, the manufacturer(s) will terminate supplies to the dealer or distributor. If the manufacturer(s) determine that the explanation and proposal are satisfactory, the manufacturer will continue supplies, but will closely monitor traces to the dealer or distributor in question. If disproportionate traces continue, the manufacturer(s) will terminate supplies to the dealer or distributor.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

Disproportionate number of crime guns: Upon execution of this Agreement, the Oversight Commission will convene to determine a formula to identify what constitutes a disproportionate number of crime guns. In determining the formula, the Oversight Commission shall consider the available data and establish procedures to ensure that the relevant data is obtained. This provision will not take effect until the Oversight Commission sets the formula and a mechanism for its implementation.

III. Oversight

A. Oversight Commission.

1. **Composition.** An Oversight Commission comprised of five members shall be formed. The Commission members shall serve five-year terms except for first terms as noted and shall be appointed as follows:
 - a. Two members by the city and county parties to the Agreement. First appointees to serve two- and three-year terms, respectively.

- b. One by the State parties to the Agreement. First appointee to serve a three-year term.
 - c. One member by the manufacturer parties to the Agreement. First appointee to serve a four-year term.
 - d. One selected by ATF. First appointee to serve a five-year term.
2. **Authority.** -- The Oversight Commission, which will operate by majority vote, will be empowered to oversee the implementation of this Agreement. Its authorities will include but not be limited to the authority to (1) review the findings of ATF or the proofing entity that will oversee the design and safety requirements of Part I of this Agreement, (2) maintain records of firearms sold pursuant to the law enforcement exception, as set forth in Part I.B of this Agreement, (3) review the safety training materials and test set forth in Parts II.A.1.m-n of this Agreement, and (4) participate in the oversight of the distribution and sales provisions established in Part II of this Agreement, as set forth in Parts II.A.2 and II.E.

The Oversight Commission shall have a staff, which will be entitled to inspect participating manufacturers and their authorized dealers and distributors to ensure compliance with the Agreement. The costs of the Commission shall be funded by the parties to the Agreement. Each manufacturer party to this Agreement will pay no more than \$25,000 annually.

- B. **Role of ATF.** -- ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective accomplishment of its law enforcement responsibilities, ATF will work with the manufacturer parties to the Agreement and the Oversight Commission to

assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the following provisions in its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission: II(A)(1)(a), (b), (e), (h), (i), (j), (k), (o); (p), and (q), (C)(2) and (D)(1) and (5). Nothing in this paragraph shall diminish the obligation of the manufacturer parties to this Agreement to make reasonable efforts to identify noncompliance and respond to notifications of violations from parties other than ATF.

C. Manufacturer cooperation.

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer and shall provide the compliance officer with sufficient resources and staff to fulfill the officer's responsibilities under this agreement.
2. The compliance officer shall be responsible for
 - a. Ensuring that the manufacturer fulfills its obligations under this agreement;
 - b. Training the manufacturer's officers and employees on the obligations imposed by this agreement; and
 - c. Serving as the liaison to the Oversight Commission.
3. Each manufacturer shall commit to full cooperation in the implementation and enforcement of this Agreement.

IV. Cooperation with Law Enforcement.

- A. The manufacturer parties to this Agreement reaffirm their commitment to cooperate fully with law enforcement and regulators to eliminate illegal firearms sales and possession.

B. Within six (6) months of the effective date of this Agreement, if technologically available, the manufacturer parties to this Agreement shall fire each firearm before sale and enter the digital image of its casing along with the weapon's serial number into a system compatible with the National Integrated Ballistics Identification Network system. The digital image shall be made available electronically to ATF's National Tracing Center.

C. Manufacturers shall participate in ATF's Access 2000 program to facilitate electronic linkage to their inventory system to allow for rapid responses to ATF's firearms trace requests.

V. Legislation.

The parties to this Agreement will work together to support legislative efforts to reduce firearms misuse and the development of authorized user technology.

VI. Education trust fund.

Upon resolution of the current lawsuits brought by cities, counties, or States, the manufacturer parties to this Agreement shall dedicate one percent of annual firearms revenues to a trust fund to implement a public service campaign to inform the public about the risk of firearms misuse, safe storage, and the need to dispose of firearms responsibly.

VII. Most favored entity.

If the manufacturer parties to this Agreement enter into an agreement with any other entity wherein they commit to institute design or distribution reforms that are more expansive than any of the above-enumerated items, such reforms will become a part of this Agreement as well.

In addition, if firearms manufacturers that are not party to this Agreement agree to design or distribution reforms that are more expansive than any of

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the above-enumerated items, and if the manufacturers who are party to the other agreement(s) with more expansive terms, in combination with the manufacturer parties to this Agreement, account for fifty percent or more of United States handgun sales, manufacturer parties to this Agreement will agree to abide by the same design and distribution measures.

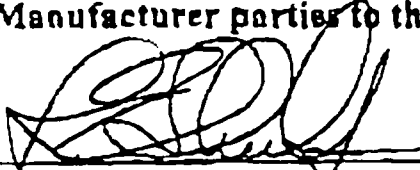
VIII. Enforcement.

The Agreement will be entered and is enforceable as a Court order and as a contract.

Dated this 17 day of March, 2000.

Approved and Authorized by:

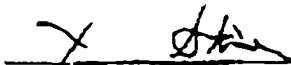
Manufacturer parties to this Agreement:



Smith & Wesson

Governmental parties to this Agreement:

Department of the Treasury



Department of Housing and Urban Development

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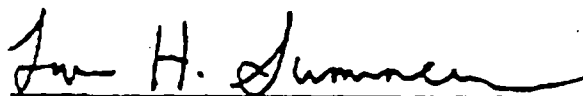
Dated this ____ day of March, 2000.

Approved and Authorized by:

Manufacturer parties to this Agreement:

Smith & Wesson

Governmental parties to this Agreement:



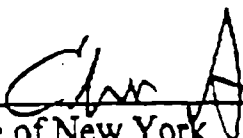
Department of the Treasury



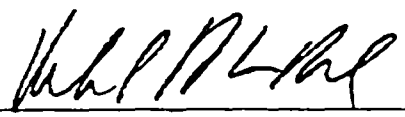
Department of Housing and Urban Development

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State parties to this Agreement:

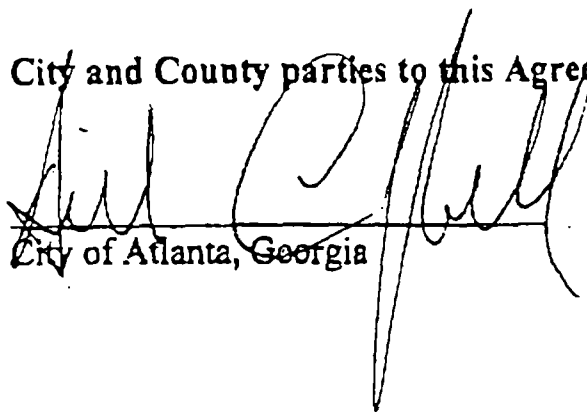


State of New York



State of Connecticut

City and County parties to this Agreement:



City of Atlanta, Georgia

City of Berkeley, California

City of Bridgeport, Connecticut

City of Camden, New Jersey

City of Detroit, Michigan

City of Gary, Indiana

City of Inglewood, California

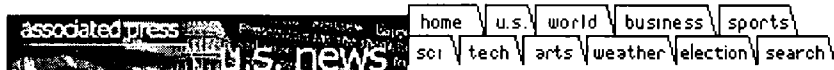
City of Los Angeles, California

County of Miami-Dade, Florida

City of San Francisco, California

City of St. Louis, Missouri

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MARCH 17, 13:18 EST

Smith & Wesson OKs Safety Locks

By ALICE ANN LOVE
Associated Press Writer

WASHINGTON (AP) — The nation's largest gun manufacturer, Smith & Wesson, has agreed to provide safety locks on its handguns within 60 days and to make them child-resistant within a year, the Clinton administration announced today.

Under the unprecedented deal reached with the company by the departments of Housing and Urban Development and Treasury and officials representing state and local governments, Smith & Wesson agreed to a "code of conduct" for sales and distribution of handguns.

The company would sell its products "only to authorized dealers and distributors" who also agree to certain conditions. A dealer or distributor would have its contract with the manufacturer terminated, for instance, if "a disproportionate number" of crimes were traced to the weapons it sells.

In exchange for its commitments toward advancing gun safety, Smith & Wesson won an agreement by the federal, state and local governments to dismiss pending suits against it or refrain from filing new suits. The administration had been threatening to bring a national lawsuit against the industry if manufacturers failed to enter negotiations aimed at increasing gun safety.

Today's deal affects only Smith & Wesson, biggest of the eight major gun manufacturers.



A Smith & Wesson .357 Magnum is shown with a trigger lock
AP/Jeff Zelevansky [27K]



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The announcement comes after a series of school and workplace shootings, including one that left a 6-year-old Michigan first-grader dead, allegedly at the hands of a fellow pupil. Three men are under indictment in the Feb. 29 shooting of Kayla Rolland, including the uncle of the 6-year-old boy who police say killed the girl in a classroom in Buell Elementary School near Flint.

Rep. Nita Lowey of New York, who has been a leader of congressional Democrats on gun issues, released a statement calling today's agreement ``good news for American families. It's a step forward in the fight against gun violence."

``Our goal in reaching an accord is to continue to sell to the consumer market. It would have been easy to agree to sell to the law enforcement and military communities only, but that has never been an option," said Ken Jorgensen, a Smith & Wesson spokesman. ``The effect of this agreement will mean a change in the way Smith & Wesson does business. It will not sacrifice the Second Amendment rights of gun owners, something we will not do."

Housing Secretary Andrew Cuomo, at a midday news conference, told reporters ``this is the most important announcement" during his time in Clinton's Cabinet.

``We've heard the statistics many times. ... A rate of firearm deaths for children in this country 12 times higher than the other 25 industrialized countries combined," he said. ``So we approached the process in the belief that reasonable gun manufacturers could sit down ... to stop the senseless gun violence. ... We have reached a settlement with ... the nation's largest gun manufacturer."

``It mandates ... an impressive array of safety features ... that will prevent once and for all accidental gun deaths and keep children safe," he said.

Smith & Wesson President Ed Shultz said the deal provides for ``the future viability" of the company while allowing it to ``make our guns better and safer in the future."

The agreement provides for new safety and design standards, including:

—External locking devices must be included in all the

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company's handguns within 60 days. Such a device enables the gun owner to immobilize the trigger.

—There must be internal locking device on all guns within 24 months.

—A second ``hidden" serial number must be provided by the manufacturer to counter criminals who obliterate serial numbers.

—Within 12 months, handguns must be designed ``so they cannot be readily operated by a child under 6," according to a background paper distributed by administration officials at the news conference.

An oversight commission will be established to oversee implementation of the accord.

It will consist of five members — one selected by the manufacturer, two by city and county officials, one by the states and a fifth selected by the Bureau of Alcohol, Tobacco and Firearms.

``The commission's powers," according to the pact, ``will include authority to review compliance with the design and safety requirements, review the safety and training programs for dealer and distributor employees, review manufacturer actions against dealers or distributors that violate the agreement or have a disproportionate number of crime-gun traces and require suspension or termination if warranted."

Among the provisions of the code of conduct that the manufacturer will enforce upon the distributors and dealers are that no sales can be made at gun shows ``unless all sales at the show are completed only after a background check."

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NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary

Department of the Treasury – Lawrence H. Summers, Secretary

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HUD No. 00-56

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FOR RELEASE

Noon Friday

March 17, 2000

CLINTON ADMINISTRATION AND STATE AND LOCAL GOVERNMENTS REACH BREAKTHROUGH GUN SAFETY AGREEMENT WITH SMITH & WESSON

WASHINGTON – The Clinton Administration and state and local governments today reached a breakthrough agreement with America's largest gun manufacturer – Smith & Wesson – under which the company agrees to make major changes in the design, distribution and marketing of guns to make them safer and to help keep them out of the hands of children and criminals.

The agreement requires Smith & Wesson to: 1) Install mandatory gun locks and other child-safety devices on all guns. 2) Introduce "smart gun" technology in all newly designed handguns. 3) Bar gun sales – including gun show sales – without a background check of the buyer. 4) Limit multiple handgun sales.

The agreement was signed for the Clinton Administration by Housing and Urban Development Secretary Andrew Cuomo and Treasury Secretary Lawrence H. Summers. Deputy Treasury Secretary Stuart Eizenstat and Deputy Attorney General Eric Holder participated in the announcement of the signing.

In addition, the agreement was signed by New York Attorney General Eliot Spitzer and Connecticut Attorney General Richard Blumenthal on behalf of their states.

Representatives of cities and counties that have filed lawsuits against gun manufacturers also approved the agreement, pledging to drop their lawsuits against Smith & Wesson in exchange for the company's landmark reforms. Cities and counties initially signing the agreement were: Miami-Dade County, FL; Los Angeles, Inglewood, San Francisco and Berkeley in California; Bridgeport, CT; Atlanta, GA; Camden, NJ; St. Louis, MO; Detroit, MI; and Gary, IN. More could sign in the future.

Smith & Wesson President and CEO L.E. Shultz signed the agreement for the company.

The U.S. government will require any additional gun manufacturers joining in the agreement to meet all the requirements set for Smith & Wesson, with the possibility of some additional concessions.

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The agreement is the product of negotiations between HUD, the Treasury Department and local governments with Smith & Wesson that were designed to settle lawsuits already filed against Smith & Wesson and to make new ones unnecessary.

"This is a historic agreement that will save lives," Secretary Cuomo said. "Smith & Wesson has acted responsibly and in the best interests of the American people by agreeing to adopt common-sense measures to reduce gun violence across the country."

"As a result of this breakthrough agreement, fewer parents will have to bury their children," Secretary Summers said. "The agreement is a great example of the public and private sectors coming together to move the country forward on what is our most critical public safety issue."

The agreement is designed to reduce the toll of gun violence, which each year claims more than 30,000 lives and injures another 100,000 people in crimes, accidents and suicides around the United States.

A commission made up of two representatives from local governments, one from states, one from Smith & Wesson and one selected by the U.S. Bureau of Alcohol, Tobacco and Firearms will oversee the agreement.

The Oversight Commission will have the power to notify Smith & Wesson of any gun dealer violations. This notification will trigger penalties against gun dealers by Smith & Wesson and the Commission that could include barring dealers from selling Smith & Wesson products. Smith & Wesson will also take action, including suspension or termination, against dealers responsible for a disproportionate number of crime gun traces. This provision is designed to focus industry attention on the relatively small number of current dealers that are the source of many guns used in crimes. An estimated 57 percent of guns used in crimes are sold by just 1.2 percent of dealers.

Under the agreement, all guns must have child safety devices, include internal locks, hidden serial numbers and pass stringent performance tests.

Smith & Wesson will also devote 2 percent of revenues to develop "smart gun" technology and will equip all newly designed guns with such technology within three years. "Smart guns" can only be fired by an authorized person, making them useless in the hands of thieves or children who could get hold of guns.

Other provisions of the agreement, which apply to Smith & Wesson and its dealers include requirements that:

- No sales can be made until the buyer passes a background check.

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- Guns cannot be marketed to appeal to children or criminals.
- No sales can be made at a gun show unless background checks are performed for all sales.
- A purchaser can take home only one gun at the time of purchase and must wait two weeks to pick up additional guns. This is designed to prevent illegal traffickers from buying large quantities of guns.
- Within six months, packaging of new guns must include a warning on the risk of having a firearm in the home and suggestions for safe storage.
- Gun stores must have a security plan and guns and bullets must be kept locked and separated.
- Gun dealer employees must complete annual training and pass an exam.
- Distributors can only sell to other distributors or dealers that agree to abide by the agreement.
- Smith & Wesson agrees to work with the Bureau of Alcohol, Tobacco and Firearms (ATF) to establish a system for firing each gun it makes and entering digital images of the casings into the National Integrated Ballistics Identification (NIBIN) system and accessible by ATF. This will make it easier for law enforcement to trace bullet casings used in crimes back to the guns that fired them.
- Establishment of a trust fund by Smith & Wesson to implement a public service campaign to inform people about the risk of firearms in the home, proper home storage, the importance of proper disposal and need to reduce gun violence.

Guns manufactured and sold to the military and law enforcement agencies will be granted an exception to the safety features mandated by the new agreement, if the military or law enforcement agencies certify the need.

HUD and the Treasury Department entered the negotiations with Smith & Wesson after President Clinton said his Administration could support a class action lawsuit by the nation's 3,200 public housing authorities that would be designed to reduce gun violence in public housing and nearby areas. About 3 million low-income people live in public housing.

Cuomo said months ago that HUD would seek to help negotiate a settlement to achieve the objectives of such a lawsuit.

Gun violence is a major problem in the nation's public housing developments, which are often located in neighborhoods with the highest crime rate in a community. In the nation's 100 largest public housing authorities alone, there are an estimated 10,000 gun crimes each year and an average of more than one murder per day by gunfire.

Other parts of the Clinton Administration's gun safety agenda include:

-more-

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- A \$280 million national firearms enforcement initiative that is part of the President's proposed budget. The initiative would hire 500 new ATF agents and inspectors to target gun criminals, hire more than 1,000 prosecutors at all levels of government, fund expanded crime gun tracing and ballistics imaging systems to catch more gun criminals, fund local media campaigns to discourage gun violence, and expand the development of "smart gun" technologies.
- A \$30 million Community Gun Safety and Violence Reduction Initiative that President Clinton proposed in his Fiscal Year 2001 Budget. The initiative, which would be administered by HUD, would fund computerized mapping of gun violence to help law enforcement agencies better protect the public, education and outreach programs to promote responsible safety measures by gun owners, and innovative community activities to reduce both gun crimes and accidents. If Congress approves funding for the initiative, local governments, law enforcement agencies, public housing authorities, community organizations, and other groups would be eligible to compete for HUD grants to support gun violence reduction activities in the communities the Department serves.
- Gun buyback programs around the nation funded by HUD. So far this year nearly \$2.6 million in HUD funds have been awarded for buybacks of about 50,000 guns in 80 cities.

###

**Agreement with Smith & Wesson
Questions and Answers
March 17, 2000**

Parties

Q. Who is signing this agreement?

A. This is an agreement between Smith & Wesson, the Secretary of the Treasury, the Secretary of Housing and Urban Development, and a number of cities, including Atlanta, Bridgeport, Los Angeles, Inglewood, Miami, San Francisco, and the States of New York and Connecticut.

Q. What cities declined to sign the agreement? Why?

A. All of the cities have not yet had an opportunity to review the agreement fully. Additional cities may sign on to the agreement in the next few days.

Q. Will the cities continue their suits against other gun manufacturers that do not sign on to this agreement?

A. This agreement has no effect on the cities' lawsuits against the other gun manufacturers. However, as this agreement shows, we are willing to work with responsible members of the industry to make meaningful improvements in firearms design and distribution to prevent gun accidents, reduce gun violence and keep guns out of the wrong hands.

Q. Will HUD continue to consider filing suit against the other manufacturers?

A. As for the cities the States here today, the agreement does not affect potential claims against other gun manufacturers. The Administration will continue to encourage other gun manufacturers to follow the responsible leadership of Smith & Wesson. HUD's partnership with the Public Housing Authorities on these issues will continue.

Q. How will the agreement be enforced?

A. The agreement will be subject to monitoring and oversight by a commission made up of two representatives appointed by the cities and counties, one by the states, one by Smith & Wesson, and one by ATF. ATF will use its inspection resources to help the parties monitor the agreement and the commission is empowered to enforce it. The agreement will also be enforceable as a court order and as a contract.

Q. What is the role of ATF?

A. ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective

accomplishment of its law enforcement responsibilities, ATF will work with Smith & Wesson and the Oversight Commission to assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the Agreement in the course of its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission which will then take appropriate action.

Q. Is this going to require a lot more staffing for ATF?

A. It is expected that most of ATF's monitoring work can be performed during its normal compliance inspections of firearms licensees.

Q. When do these provisions take effect?

A. There are various effective dates set out in the agreement. Many of the provisions are effective immediately. Others will require more time.

Q. What are the most important provisions of the agreement?

A. The most important provisions are the commitments to: (1) new gun design standards, including child safety measures, gun locks and incorporating smart gun technology in all new gun designs; (2) furnishing guns only to dealers that meet stringent standards -- including not transferring guns to any purchaser unless cleared by the National Instant Check System or at any gun show unless all sales are subject to background checks; (3) requiring purchasers to pass a safety training course or exam before buying a gun; (4) delaying transfers of multiple purchases for 14 days after the transfer of the first firearm, to allow law enforcement to identify potential traffickers; (5) creating a digital image of a bullet casing for every firearm produced, enabling significantly increased crime gun tracing.

Q. How does this agreement improve child safety and prevent gun accidents?

A. It requires all firearms to be designed within one year so that they cannot be readily operated by a child under the age of 6; locks to be built into all handguns within two years, and authorized user technology to be incorporated into all new gun designs within three years.

Q. How does this agreement stop criminal misuse of firearms?

A. It will make it harder for criminals to get firearms from licensed dealers and easier to trace crime guns. Guns will not be sold until the purchaser passes a Brady background check, multiple purchases of firearms will be delayed for 14 days allowing law enforcement to investigate potential traffickers; the tracing system will be greatly strengthened by ballistics imaging; security measures at dealers and distributors will be enhanced to prevent thefts and losses; and gun locks and smart guns can prevent criminals from using stolen guns.

Significance/Politics

Q. What do you hope to achieve by this agreement?

- A. This agreement shows that common sense gun measures are achievable. When the nation's largest handgun manufacturer endorses these measures, everyone should recognize that they can be adopted by all gun manufacturers. Smith & Wesson's commitment to new design standards will make it easier for Congress as well as other manufacturers to address this issue, and this will ultimately help reduce firearms deaths and injuries. We think that it will help break the logjam in Congress, by demonstrating just how doable common sense measures are, and that they do not represent a threat to law abiding gun owners.

Q. Does this agreement go beyond pending gun legislation?

- A. The agreement of course is so far only binding on Smith & Wesson. But it goes well beyond the gun provisions that are part of the juvenile justice legislation.

Design

- Handguns are subject to *design standards* aimed at preventing accidents and misuse;
- Handgun models must be *tested by ATF or an agreed upon proofing entity* to make sure they meet the design standards;
- Funding and production of *smart gun technology*.

Distribution

- Dealers selling Smith & Wesson firearms must meet stringent standards, including these 10:
 - Not transferring firearms until receiving *NICS clearance* that the transferee is not a prohibited person (even if this is after the 3-day statutory waiting period);
 - No gun show sales unless Brady checks are conducted by all sellers at the gun show;
 - *Security requirements* for securing firearms;
 - Multiple gun purchasers must *wait 14 days* to pick up more than one gun;
 - Requiring *purchaser safety training*;
 - Not selling *ammunition magazines* able to accept more than 10 rounds or *semiautomatic assault weapons*;
 - Selling only firearms that meet the *specified design standards*;
 - Carrying a minimum level of *liability insurance* coverage;
 - Maintaining *electronic inventory and trace records systems*;
 - Requiring *employee training* developed by ATF.

Manufacturer Commitments

- Monitor and address problem dealers based on crime gun traces;
- Test fire each firearm before sale to create a digital image of the bullet casing accessible to law enforcement;
- Not market firearms in a way appealing to criminals or children.

Q. What do you think the impact will be on the pending gun legislation?

A. This agreement shows that there are many common sense measures all responsible parties can embrace to reduce firearms violence. Our legislation does just that, and this agreement should give a powerful boost to the pending gun legislation.

Q. Have other manufacturers been involved? What do other manufacturers think of the agreement?

Smith & Wesson has shown that it is at the forefront of the gun industry in its willingness to adopt responsible measures to make firearms safer and to control the chain of distribution. I hope that additional responsible gun manufacturers will follow Smith & Wesson's example and agree to these measures. The Administration, city, state, and county parties to this Agreement are ready to talk to any manufacturers willing to do so.

Q. Do you have any reactions from dealers?

Many dealers are responsible businesses that share our goal of keeping guns out of the wrong hands and ensuring that they are used safely. This Agreement sets forth the best practices for responsible dealers to meet these goals, and we believe that responsible dealers will willingly follow them.

Negotiations

Q. How did this agreement come about? How long have you been talking to these companies?

When the Administration first announced that it was considering supporting a suit by the public housing authorities against the gun industry, we also announced our desire to resolve our concerns through negotiations with the gun industry. The cities, states, and counties that have filed or are considering filing suits were also committed to these negotiations. The parties engaged in a series of talks which have come to fruition in this Agreement with Smith & Wesson.

Q. Why is Smith & Wesson agreeing to this now?

Smith & Wesson has shown itself to be at the forefront of the industry. It shares the goals of the federal, state, and local governments to increase gun safety and ensure that guns are kept from criminals. It has taken a bold and historic step in this Agreement. We hope that other members of the industry will follow its lead.

Q. What was the deciding factor in achieving the agreement?

The federal, state, and local governments came to these negotiations with well-formed views about the safety and distribution measures that are needed to reduce gun accidents

and violence. We found that Smith & Wesson shared our basic premises about the need to design guns safely and to require dealers and distributors to adopt measures to keep guns from falling in the wrong hands. With that shared premise, we were able to agree to a robust series of requirements that further our goals.

Q. What was the role of the President?

A. Last December, the President asked members of the Cabinet to reach out to responsible members of the gun industry to try to make progress on gun design and distribution. Treasury and HUD came to an agreement with Smith & Wesson consistent with the principles laid out by the President. The President was briefed this morning on the outcome of the discussions and fully supports the deal.

Q. Who conducted the negotiations?

Secretary Cuomo and Deputy Secretary Eizenstat led the negotiations. They were assisted by Max Stier, Deputy General Counsel for Litigation for HUD, and Neal Wolin, General Counsel of the Treasury Department.

Q. How much of what you wanted did you achieve?

This Agreement achieves an enormous amount. It adopts design standards that will substantially enhance the safety of firearms and a robust series of requirements to ensure that manufacturers, distributors, and dealers keep their firearms from falling into the wrong hands. These measures will substantially reduce gun violence, and they show the critical role that responsible gun manufacturers can play in this effort.

The Agreement also includes a provision in which Smith & Wesson agrees to adopt any measures agreed to in the future by other manufacturers, so long as those manufacturers, together with Smith & Wesson, account for fifty percent or more of United States handgun sales. We will continue our efforts to ensure that additional manufacturers agree to measures like these. The more manufacturers that are willing to assume the responsibility that Smith & Wesson has, the more effective we can be.

CLINTON ADMINISTRATION REACHES HISTORIC AGREEMENT WITH GUN INDUSTRY ON REFORMS

March 17, 2000

- Today, the President will announce an historic agreement with Smith and Wesson to build on his comprehensive efforts to reduce gun violence in America. The agreement represents an unprecedented partnership between the government and the gun industry to bring about meaningful reforms in the way the gun industry does business and improve public safety.
- Since the beginning of his Administration, President Clinton has been working on every front to reduce gun violence and keep our communities safer. Since signing the historic Brady Law and 1994 assault weapons ban, the President has continued to fight for more tools to make our communities safe. President Clinton took recent Executive action to crack down on unscrupulous gun dealers who are the sources of crime guns to criminals and youth, and has continued to lead the national fight for common-sense gun safety legislation.
- As part of his ongoing efforts, President Clinton last December called on the gun industry to work with the Administration to make needed changes in the way they do business. Today, President Clinton will report a major victory for America's families that says that gun makers are willing to share in the responsibility to keep their products out of the wrong hands. And it says that gun makers are willing to make much safer guns, without infringing on anyone's rights.
- President Clinton will announce that key gun industry leader, Smith and Wesson, will set a powerful example of responsibility by joining the federal government and cities from across the country to sign a landmark agreement on comprehensive industry reform.
- Today's agreement represents the first time that a major gun manufacturer has committed to fundamentally change the way guns are designed, distributed and marketed in this country. Some of the key provisions under the agreement include:

New design standards to make guns safer and prevent accidental shootings and gun deaths

Locking devices. Safety locking devices will be required for handguns and pistols, external locking devices within 60 days and internal locking devices within 24 months.

Smart guns. Two percent of annual firearms revenues will be dedicated to the development of authorized user technology that can limit a gun's use to its proper owner. Authorized user technology will be included in all new firearm models within 36 months.

Large capacity magazines. New firearms will not be able to accept ammunition magazines with capacity of over 10 rounds. The manufacture of such magazines has been prohibited since 1994.

Safety testing and standards. All firearms are to be tested by ATF to ensure that they meet performance and safety standards such as drop tests.

Other safety devices. Within one year, all pistols will have chamber load indicators to show that a pistol is loaded to prevent accidents, and magazine disconnectors will be available to customers within 12 months.

New sales and distribution controls to help keep guns out of the hands of criminals and help law enforcement crack down on illegal gun traffickers. Under the agreement, manufacturers will agree to sell only to authorized dealers and distributors who agree to a code of conduct. The code of conduct imposes new requirements on authorized dealers and distributors.

Cutting off dealers with disproportionate crime guns. Under the agreement, manufacturers will take action against dealers or distributors who sell disproportionate numbers of guns that turn up in crimes within three years of sale, including termination or suspension against the dealer or distributor.

Gun shows. Authorized dealers cannot sell at gun shows unless every seller at the gun show conducts background checks.

Ballistics testing. To help law enforcement trace guns used in crime when only the bullet or casing is recovered, ballistics fingerprints will be provided for all new firearms to ATF/FBI National Integrated Ballistics Identification Network within 6 months if technologically feasible.

Safety training for purchasers. No sales will be made to dealers who do not require gun purchasers to demonstrate that they can safely handle and store firearms.

Theft prevention. No sales will be made to dealers who do not implement a security plan to prevent gun theft.

Weapons attractive to criminals. Authorized dealers and distributors will not sell large capacity ammunition magazines or semiautomatic assault weapons.

Restrictions on multiple handgun sales. To deter illegal gun trafficking, dealers must agree to new limits on multiple handgun sales. All purchasers of multiple handguns can only take one handgun from the day of sale, the remainder 14 days later.

Enforcement of agreement. An Oversight Commission will be established to oversee the implementation of the agreement. The Commission will have five members selected as follows: one by manufacturers; two by city and county parties; one by state parties; one by ATF. ATF will work with manufacturers and the Oversight Commission to assist them in meeting obligations under the agreement.

**CLINTON ADMINISTRATION REACHES HISTORIC AGREEMENT
WITH GUN INDUSTRY ON REFORMS
March 17, 2000**

- Today, the President will announce an historic agreement with [Smith and Wesson/the gun industry] to build on his comprehensive efforts to reduce gun violence in America. Since the beginning of his Administration, President Clinton has been working on every front to reduce gun violence and keep our communities safer. Today's agreement represents an unprecedented partnership between the government and the gun industry to bring about meaningful reforms in the way the gun industry does business and improve public safety.
- The President has continued to push for more common sense gun safety reforms to keep our communities even safer. He has led a national effort to push for common-sense gun safety legislation and he has taken recent Executive action to crack down on unscrupulous gun dealers. And that's why in December I said we would engage gun manufacturers to seek changes in the way they do business. Today, I am pleased to report that a key member of the industry has decided to set a powerful example of responsibility.

That's why I've taken executive action to crack down on gun dealers

Earlier today, Smith and Wesson signed a landmark agreement with the federal government and cities from across the country. For the first time, a major gun manufacturer has committed to fundamentally change the way guns are designed, distributed and marketed in this country. Under the agreement, Smith and Wesson will include locking devices and other safety features and will develop smart guns that can only be fired by the adult who owns them. The company will cut off dealers who sell disproportionate numbers of guns that turn up in crimes and will require all its dealers not to sell at gun shows unless every seller at the gun show conducts background checks. The company will also agree to design new firearms that do not accept large-capacity magazines, and will work with ATF to provide ballistics fingerprints for all its firearms. This agreement is a major breakthrough in our efforts to make guns safer and keep them out of the wrong hands.

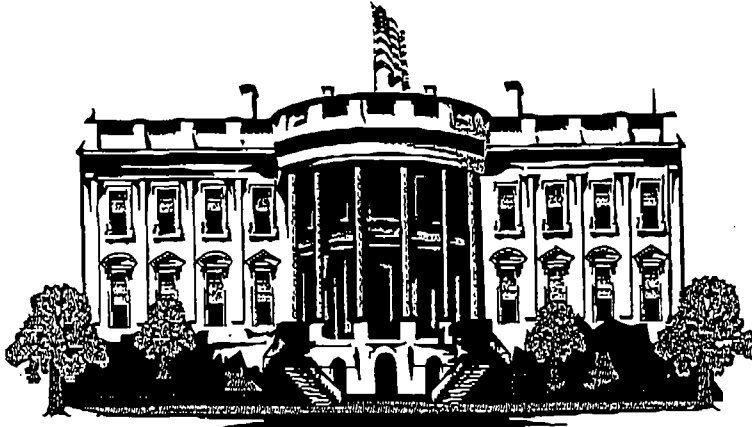
It has taken courage and vision for Smith and Wesson to be the first manufacturer to negotiate, and I applaud their determination to do what's right for their company and their country. As I have said all along, there are responsible citizens in the gun industry who want to make progress on this issue. I hope today's announcement will encourage them all to step forward.

As I have said time and again, the effort to reduce gun violence is not about politics. It's about saving lives. That's what this agreement is all about.

This agreement could not have come to pass without the leadership of many mayors, city attorneys, and state attorneys general. I am glad to be joined today by several of them, and in a moment I will be calling several more to congratulate them on joining this agreement and to urge them to continue working to keep our children safe. We can get so much done for the American people when we find the courage to find common ground.

*6:45 briefing
2p call in another*

- The President has fought for the tools to make our communities safer, and has signed landmark legislation into law including the Brady Law and 1994 assault weapons ban to help reduce gun violence and bring crime down to record low levels.



FAX COVER SHEET

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March 16, 2000
Settlement Document

AGREEMENT

Preamble

The manufacturer parties to the Agreement and the Department of the Treasury, the Department of Housing and Urban Development, and the undersigned state, city and county parties to the Agreement enter into this Agreement to reduce the criminal misuse of firearms, combat the illegal acquisition, possession and trafficking of firearms, reduce the incidence of firearms accidents, and educate the public on the safe handling and storage of firearms. Furthermore, the manufacturer parties to the Agreement enter into this Agreement as a continuation of their efforts to make their firearms as safe as practicable for their customers and the public. Accordingly, in consideration of the commitments set forth below:

1. The undersigned state, city, and county parties to the Agreement dismiss the manufacturer parties to the Agreement with prejudice from the lawsuits entitled _____; and
2. The undersigned state, city and federal parties to the Agreement agree to refrain from filing suit against the manufacturer parties to the Agreement on an equivalent cause of action.

The parties agree that this Agreement constitutes the full and complete settlement of any and all claims that were raised or could have been raised in the subject litigation. The parties agree further that this Agreement does not constitute an admission of any violation of law, rule or regulation by the manufacturer parties to the Agreement, or any of their employees. Nothing in this Agreement shall be construed to be an admission of liability. The adoption of standards for firearms design and distribution in this Agreement shall not be construed as an admission by the manufacturer parties to the Agreement that practices they engaged in prior to the execution of this Agreement were negligent.

I. Safety and design.

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Settlement Document

A. Each firearm make and model sold by each manufacturer party to this Agreement shall be tested by ATF or an agreed upon proofing entity against the following standards. Existing makes and models shall meet these standards within 60 days of execution of this Agreement unless a longer period is specified in the standard. New makes and models shall not be manufactured and sold after the execution of this Agreement unless they conform to these standards.

1. Standards applicable to all handguns:

- a. **Second "hidden" serial number.** The gun must have both a visible serial number on the exterior of the frame or receiver, as well as a second serial number hidden on the interior of frame or receiver (e.g., under the grips) or visible only with the aid of an optical instrument.
- b. **External locking device.** As an interim measure, until the implementation of I.A.I.c, within 60 days of execution of the Agreement, each firearm shall be supplied with an external locking device that effectively prevents the operation of the firearm when locked.
- c. **Internal locking device.** Within 24^{1/2} months of execution of the Agreement, each firearm shall have a built-in, on-board locking system, by which the firearm can only be operated with a key or combination or other mechanism unique to that gun.
- d. **Authorized user technology.** The manufacturer parties to this Agreement shall each commit two percent of annual firearms sales revenues to the development of a technology that recognizes only authorized users and permits a gun to be used only by authorized persons. Within 36 months of the date of execution of this Agreement, this technology shall be incorporated in all new firearm ^{designs} models, with the exception of curios and collectors' firearms, ~~and existing~~

This doesn't apply to existing designs currently in production

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If the eight firearms manufacturers and/or importers with the largest United States firearms sales volume agree to incorporate authorized user technology in all firearms, the manufacturer parties to this Agreement will incorporate authorized user technology in all firearms.

- e. **Child safety.** Within 12 months of execution of the Agreement, each firearm shall be designed so that it cannot be readily operated by a child under the age of 6. Such mechanisms include: making the trigger pull resistance at least ten pounds in the double action mode; or designing the firing mechanism so that an average five year old's hands would be too small to operate the gun; or requiring multiple, sequenced actions in order to fire the gun.
- f. **Minimum barrel length.** Each firearm make and model must have a barrel length of at least 3", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.
- g. **Performance test:** A sample of each firearm make and model will be test-fired with "proof cartridges" (cartridges loaded to generate excess pressure as set forth in accepted specifications for proof cartridges) to ensure the integrity of the material. At least one cartridge shall be fired from each chamber. Following this test firing, the firearm will be examined for hairline cracks or other signs of material failure and will pass this test only if there are no hairline cracks or other signs of material failure. Each firearm make and model shall also pass the following performance test: the gun shall fire 600 rounds, stopping only every 100 rounds to tighten any loose screws and to clean the gun (if required by the cleaning schedule recommended in the manual), or as needed to refill the empty magazine or cylinder to capacity before

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continuing. For any gun that loads other than with a detachable magazine, the tester shall pause every 50 rounds for ten minutes. The tester shall use the ammunition recommended in the user's manual, or if none is recommended, any standard ammunition of the correct caliber in new condition. A gun shall pass this test if it fires the first 20 rounds without a malfunction and the full 600 rounds with no more than 6 malfunctions and without any crack or breakage of an operating part of the gun that increases the danger of injury. Malfunctions caused by failure to clean and lubricate, or by defective ammunition, shall not be counted.

- h. **Drop test.** Pass the more rigorous of: (a) the SAAMI Standard drop test in effect on the date the firearm is sold; or (b) the following test: The gun shall be test-loaded, set such that it is ready to fire and dropped onto a steel plate or equivalent material of similar hardness from a height of one meter from each of the following positions: (1) normal firing position; (2) upside down; (3) on the grip; (4) on the muzzle; (5) on either side; and (6) on the exposed hammer or striker (or, if no exposed hammer or striker, on the rearmost part of the gun). If the gun is so designed so that its hammer or striker may be set in other positions, it shall be tested with the hammer or striker in each such position (but otherwise ready to fire).

2. Additional standards for pistols:

- a. **Safety device.** The pistol must have a positive manually operated safety device as determined by standards relating to imported guns promulgated by ATF.
- b. **Minimum length and height standards.** The pistol's combined length and height must not be less than 10" with the height being at least 4" and the length being at least 6", unless it has an average group diameter test result of 1.7" or less at seven yards, 3.9" or less at 14 yards, and 6.3" or less at 21 yards. The average group diameter test result is the arithmetic mean of the results of three separate trials, each performed

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on a different sample firearm of the make and model at issue. For each trial, the firearm shall fire five rounds at a target from the specified distance and the largest spread in inches between the center of any of the holes made in a test target shall be the result of the trial.

- XXX
Glock*
- c. **Magazine disconnecter.** Within 12 months of execution of the Agreement, each pistol shall have a magazine disconnecter. *available for those customers who desire this feature*
- d. **Chamber load indicator.** Within 12 months of the execution of the Agreement, each pistol shall have a chamber load indicator painted in a prominent, contrasting color or a feature that allows the operator physically to see the round in the chamber. ~~Each pistol must include an appropriate legend on the firearm identifying the location of the indicator or feature and how to read it.~~
- e. **Large capacity magazines.** No pistol make or model designed after January 1, 2000 shall be able to accept magazines manufactured prior to September 14, 1994, with a greater than 10 round capacity, and such models shall not be capable of being easily modified to accept such magazines. Nor shall ammunition magazines that are able to accept more than 10 rounds be sold by the manufacturer parties to this Agreement or their authorized dealers and distributors. See Part II.A.1 h, below.
- f. **Additional safety features.** Each pistol must have a firing pin block or lock.
3. **Additional standard for revolvers.** Each revolver make and model must pass a safety test. Each make and model must have a safety feature which automatically (for a double action revolver) or by manual operation (for a single action revolver) causes the hammer to retract to a point where the firing pin does not rest upon the primer of the cartridge. The safety device must withstand the impact of a weight equal to the weight of the revolver dropping from a distance of 1 meter in a line parallel to the barrel upon the rear of the hammer spur, a total of 5 times.

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B. Law enforcement and military exception. An exception to a requirement of paragraph A may be granted for firearms manufactured or imported for sale to a law enforcement agency or the military if the law enforcement agency or military organization certifies to the manufacturer party to this Agreement that the exception is necessary for official purposes. Where a law enforcement agency authorizes or requires its officers to purchase firearms individually for official use, an appropriate certification from the agency will be permitted to apply to sales to a number of individual officers. The manufacturer party to this Agreement shall maintain the certification in its records and provide a copy to the Oversight Commission. Firearms sold to law enforcement or the military pursuant to this exception, which do not comply with the design standards of this Agreement, will be accompanied by a statement:

1. "On [date], [manufacturer parties to this Agreement] and [governmental parties to this Agreement] entered into an Agreement establishing certain design standards for firearms sold to civilians. Pursuant to that Agreement, we are obliged to inform you that this firearm does not comply with ^{all of the} ~~the following~~ design standards of the Agreement: ~~_____~~. We are further obliged to request that you not resell this firearm to civilians. This statement is not intended to suggest that there are any design flaws with this firearm, and you remain entitled to dispose of it in any lawful manner."

C. Warnings about safe storage and handling. Within 6 months of execution of this Agreement, manufacturer parties to this Agreement shall include in the packaging of each firearm sold a warning on risk of firearms in the home and proper home storage. At a minimum, these warnings shall state in 14 point type, bold face:

"This handgun is not equipped with a device that fully blocks use by unauthorized users. More than 200,000 firearms like this one are stolen from their owners every year in the United States. In addition, there are more than a thousand suicides each year by younger children and teenagers who get access to firearms. Hundreds more die from

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accidental discharge. It is likely that many more children sustain serious wounds, or inflict such wounds accidentally on others. In order to limit the chance of such misuse, it is imperative that you keep this weapon locked in a secure place and take other steps necessary to limit the possibility of theft or accident. Failure to take reasonable preventative steps may result in innocent lives being lost, and in some circumstances may result in your liability for these deaths."

D. **Illegal firearms.** The manufacturer parties to this Agreement shall not sell firearms that can be readily converted to an illegal firearm, that is, a weapon designed in a manner so that with few additional parts and/or minimal modifications an owner can convert the firearm to an illegal fully automatic weapon; nor shall the firearms be designed so that they are resistant to fingerprints.

E. **Upgrade programs.** The manufacturer parties to this Agreement shall offer their customers the opportunity to retrofit existing firearms with improved safety devices as they become available and to the extent technically and commercially feasible.

II. Sales and distribution.

In addition to complying with specific terms, the manufacturer parties to this Agreement will agree for themselves and as part of any distribution or agency agreement that they, and their authorized distributors and authorized dealers, including franchisees, shall commit to a standard of conduct to make every effort to eliminate sales of firearms that might lead to illegal firearm possession and/or misuse by criminals, unauthorized juveniles, and other prohibited persons ("suspect firearms sales"). Suspect firearm sales include sales made to straw purchasers, multiple sales of handguns without reasonable explanation (excluding sales to FFLs), and sales made to any purchaser without a completed background check.

As specified in Part II.A.2 below, the manufacturer parties to this Agreement will take action against dealers and distributors that violate these requirements if the manufacturers receive actual notice of such a violation.

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A. Authorized distributors and dealers.

1. The manufacturer parties to this Agreement may sell only to authorized distributors and authorized dealers. In order to qualify to become an authorized distributor or authorized dealer, the distributor or dealer must agree in writing to:
 - a. Possess a valid and current federal firearms license, and all other licenses and permits required by local, state or federal law, and certify on an annual basis, under penalty of perjury, compliance with all local, state and federal firearms laws.
 - b. Execute in the presence of the purchaser the following elements of all firearms transactions at the premises listed on its federal firearms license: completion of the forms and related requirements under the Brady Act and the Gun Control Act and physical transfer of the firearm.
 - c. Where available, carry insurance coverage against liability for damage to property and for injury to or death of any person as a result of the sale, lease, or transfer of a firearm in amounts appropriate to its level of sales, but at a minimum no less than \$1 million for each incident of damage, injury or death.
 - d. Make no sales at gun shows unless all sales by any seller at the gun show are conducted only upon completion of a background check.
 - e. Within 24 months of the date of execution of this Agreement, maintain an inventory tracking plan for the products of the manufacturer parties to this Agreement that includes at a minimum the following elements:
 - (1) Electronic recording of the make, model, caliber or gauge, and serial number of all firearms that are acquired no later than one business day after their acquisition and electronic recording of their disposition no later than one business day

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after their disposition. Monthly backups of these records shall be maintained in a secure container designed to prevent loss by fire, theft, or other mishap.

- (2) All firearms acquired but not yet disposed of must be accounted for through an electronic inventory check prepared once each ~~week~~ ^{month} and maintained in a secure location.

- (3) For authorized dealers and franchisees, all ATF Form 4473 firearm transaction records shall be retained on the dealer's business premises in a secure container designed to prevent loss by fire, theft, or other mishap.

- (4) If an audit of a distributor's or dealer's inventory reveals any firearms not accounted for, the distributor or dealer shall be subject to sanctions, including termination as an authorized distributor or dealer.

f. Implement a security plan for securing firearms, including firearms in shipment. The plan must satisfy at least the following requirements:

- (1) Display cases shall be locked at all times except when removing a single firearm to show a customer, and customers shall handle firearms only under the direct supervision of an employee;
- (2) All firearms shall be secured, other than during business hours, in a locked fireproof safe or vault in the licensee's business premises; and
- (3) Ammunition shall be stored separately from the firearms and out of reach of the customers.

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- g. Require persons under 18 years of age to be accompanied by a parent or guardian when they are in portions of the premises where firearms or ammunition are stocked or sold.
- h. Not sell ammunition magazines that are able to accept more than 10 rounds regardless of the date of manufacture, not sell any semi-automatic assault weapon as defined in 18 U.S.C. 921(a)(30) regardless of the date of manufacture, provide safety locks and warnings with firearms, as specified in Section I above, and sell only firearms that comport with the design criteria of this Agreement.
- i. Provide law enforcement, government regulators conducting compliance inspections, and the Oversight Commission, for purposes of determining compliance with conditions imposed as a result of this Agreement, or for any other authorized purpose, full access to any documents related to the acquisition and disposition of firearms deemed necessary by one of those parties.
- j. Participate in and comply with all monitoring of firearms distribution by manufacturers, ATF or law enforcement.
- k. Maintain an electronic record of all trace requests initiated by ATF, and report those trace requests by make, model and serial number of firearm, date of trace, and date of sale to the manufacturer of the firearm on a monthly basis, unless ATF, for investigative reasons, directs the licensee not to report certain traces.
- l. Agree to cooperate fully in the oversight mechanism established in Section III of this Agreement, including providing access to all necessary documents, and to be subject to the jurisdiction of the court enforcing this Agreement.
- m. Require all employees to attend annual training developed by manufacturers in consultation with ATF and approved by the Oversight Commission. The training shall cover at a minimum: the law

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governing firearms transfers by licensees and individuals; how to recognize straw purchasers and other attempts to purchase firearms illegally; how to recognize indicators that firearms may be diverted for later sale or transfer to those not legally entitled to purchase them; how to respond to those attempts; and the safe handling and storage of firearms. New employees will receive training on the above topics, based on materials developed for the annual training, before handling or selling firearms and shall attend annual training thereafter. Such training may be delivered by electronic medium. Within 12 months of the date of execution of this Agreement and annually thereafter, the manufacturer parties to this Agreement will obtain from all authorized dealers and distributors certifications that such training has been completed, with a list of the names of all trained employees.

- n. Require all employees to pass a comprehensive written exam, which shall be developed by the manufacturers in consultation with ATF and approved by the Oversight Commission, on the material covered in the training before being allowed to sell or handle firearms. Any employee who fails to pass the exam shall be prohibited from selling or handling firearms on behalf of the distributor or dealer. The annual certification discussed in II.A.1.m, above, will include certification that all employees have passed the exam.
- o. Not complete any transfer of a firearm prior to receiving notice from the NICS that the transferee is not a prohibited person under the Gun Control Act.
- p. Verify the validity of a licensee's federal firearms license against an ATF database before transferring a firearm to that licensee.
- q. Forgo any transfer of a firearm to a licensee if the dealer or distributor knows the licensee to be under indictment for violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).

WORKING DRAFT***Privileged & Confidential*****March 16, 2000*****Settlement Document*****r. Transfer firearms only:**

- (1) To individuals who have demonstrated that they can safely handle and store firearms through completion of a certified firearms safety training course or by having passed a certified firearms safety examination.
 - (2) After demonstrating to the purchaser how to load, unload, and safely store the firearm, and how to engage and disengage all safety devices on the firearm.
 - (3) After providing the purchaser with a copy of the ATF Disposition of Firearms Notice.
 - (4) After obtaining the purchaser's signature on a form certifying that the purchaser has received the instruction described in subparagraph (2) and the notice described in subparagraph (3) and maintaining that form in its files.
 - (5) After providing the purchaser with a written record of the make, model, caliber or gauge, and serial number of each firearm transferred to enable the purchaser to accurately describe the firearm to law enforcement in the event that it is subsequently lost or stolen.
2. The manufacturer parties to the Agreement shall incorporate into any distribution or agency agreement with their authorized distributors and authorized dealers, including franchisees, procedures for terminating distributors, dealers or franchisees that engage in conduct in violation of this Agreement. Distributors and dealers shall agree to this enforcement system as a condition of becoming authorized. The manufacturer parties to this Agreement shall require annual certification by their authorized dealers and distributors that they are in compliance with the requirements in II.A.1(a-r) of this Agreement and applicable provisions of B. and C., below. If the manufacturer parties to this Agreement receive actual notice

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of a violation of the Agreement through their course of dealing with their authorized dealers and distributors, from ATF, state or local law enforcement, the Oversight Commission, another dealer or distributor, a customer or other credible source, the manufacturer parties to this Agreement will either immediately terminate sales to the dealer or distributor in violation or take the following actions. The manufacturer(s) that have authorized the dealer or distributor to sell its/their firearms will, individually or collectively, notify the dealer or distributor within seven (7) business days of learning of such violation and inform the dealer or distributor of the breach and request information regarding the breach. The distributor or dealer will then have fifteen (15) days to provide the manufacturer(s) with the requested information. If the manufacturer(s) determine that the dealer or distributor is in violation of this section of the Agreement, this determination will void the distribution or agency agreement under which the distributor or dealer receives products from the manufacturer. The manufacturer(s) will not honor any further orders for the distributor or dealer until the manufacturer(s) determine that the distributor or dealer is in compliance with the Agreement.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

B. Authorized distributors - additional provision.

Authorized distributors must agree to sell the manufacturer's products only to other authorized distributors or authorized dealers or directly to government purchasers.

C. Authorized dealers - additional provisions.

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In addition to the requirements in section II(A)(1), authorized dealers must agree:

1. Not to sell any of the manufacturers' products to any federal firearms licensee that is not an authorized distributor or authorized dealer of that manufacturer.
2. Not to engage in sales that the dealer knows or has reason to know are being made to straw purchasers.
3. To adhere to the following procedure for multiple handgun sales. If a purchaser wants to purchase more than one handgun, the purchaser may take from the dealer only one handgun on the day of sale. The dealer at that point will file a Multiple Sales Report with ATF. The purchaser may take ~~one~~ ^{the} additional handgun from the dealer ~~and 14~~ days thereafter, ~~until the sale is completed~~. This provision shall not apply to sales to qualified private security companies licensed to do business within the State where the transfer occurs for use by the company in its security operations.

D. Manufacturers.

Each manufacturer must:

1. Provide quarterly reports of its own sales data and downstream sales data, with the volume of sales by make, model, caliber and gauge, to ATF's National Tracing Center.
2. Not market any firearm in a way that would make the firearm particularly appealing to juveniles or criminals, such as advertising a firearm as "fingerprint resistant."
3. Refrain from selling any modified or sporterized semi-automatic assault pistol of a type that cannot be imported into the United States.

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4. Reaffirm their longstanding policy and practice of not placing advertisements in the vicinity of schools, high crime zones, or public housing.
5. Verify the validity of a license against an ATF database before transferring a firearm to any licensee.
6. Forgo any transfer of a firearm to a licensee if the manufacturer knows the licensee to be under indictment violations of the Gun Control Act or any violent felony or serious drug offense as defined in 18 U.S.C. § 924(e)(2).
7. Implement a security plan for securing firearms, including firearms in shipment. The plan will include the following elements.
 - a. Employee and visitor movement into and out of the manufacturer's facility will be only through designated security control points, and visitors will be admitted only after positive identification and confirmation of the validity of the visit. Employees and visitors will pass through a metal detector before leaving
 - b. All areas where firearms are assembled and stored will be designated as restricted areas. Access will be authorized only for those employees whose work requires them to enter these areas or for escorted visitors. Protective barriers will be installed in restricted areas to deny or impede unauthorized access.
 - c. Each facility or area where firearms, ammunition, or components are stored will be provided with a system to detect unauthorized entry.
 - d. If firearms are shipped in cartons, the cartons will bear no identifying marks or words. The manufacturer parties to this Agreement will use only very strong cartons to protect against concealed pilferage in truck shipments, and large cartons will be secured with steel strapping in two directions. The manufacturer parties to this Agreement will use only carriers and freight forwarders that warrant in writing that they conduct

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criminal background checks on delivery personnel and report all thefts or losses of firearms to ATF within 48 hours of learning of the theft or loss. The manufacturer parties to this Agreement will inspect carriers' and forwarders' local facilities periodically.

8. Encourage its authorized dealers and distributors to consent to up to three unannounced ATF compliance inspections each year.

E. Corporate responsibility.

If ATF or the Oversight Commission informs the manufacturer parties to this Agreement that a disproportionate number of crime guns have been traced to a dealer or distributor within three years of the gun's sale, the manufacturer(s) that have authorized the dealer or distributor to sell guns will either immediately terminate sales to the dealer or distributor or take the following actions. The manufacturers will, individually or collectively, notify the dealer or distributor of the disproportionate number within seven (7) days and demand an explanation and proposal to avoid a disproportionate number of traces in the future. The dealer or distributor will have fifteen (15) days to provide the explanation and proposal. If the manufacturer(s) determine that the explanation and proposal are not satisfactory, the manufacturer(s) will terminate supplies to the dealer or distributor. If the manufacturer(s) determine that the explanation and proposal are satisfactory, the manufacturer will continue supplies, but will closely monitor traces to the dealer or distributor in question. If disproportionate traces continue, the manufacturer(s) will terminate supplies to the dealer or distributor.

The manufacturer(s) shall inform the Oversight Commission and ATF of its/their notifications and decisions and provide them with the information provided by the dealer or distributor. If the Oversight Commission determines that suspension or termination of the dealer or distributor is warranted, and the manufacturer(s) did not take this action, the Oversight Commission shall direct the manufacturer(s) to do so.

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Disproportionate number of crime guns: Upon execution of this Agreement, the Oversight Commission will convene to determine a formula to identify what constitutes a disproportionate number of crime guns. In determining the formula, the Oversight Commission shall consider the available data and establish procedures to ensure that the relevant data is obtained. This provision will not take effect until the Oversight Commission sets the formula and a mechanism for its implementation.

III. Oversight

A. Oversight Commission.

1. **Composition.** An Oversight Commission comprised of five members shall be formed. The Commission members shall serve five-year terms except for first terms as noted and shall be appointed as follows:
 - a. Two members by the city and county parties to the Agreement. First appointees to serve two- and three-year terms, respectively.
 - b. One by the State parties to the Agreement. First appointee to serve a three-year term.
 - c. One member by the manufacturer parties to the Agreement. First appointee to serve a four-year term.
 - d. One selected by ATF. First appointee to serve a five-year term.
2. **Authority.** — The Oversight Commission, which will operate by majority vote, will be empowered to oversee the implementation of this Agreement. Its authorities will include but not be limited to the authority to (1) review the findings of ATF or the proofing entity that will oversee the design and safety requirements of Part I of this Agreement, (2) maintain records of firearms sold pursuant to the law enforcement exception, as set forth in Part I.B of this Agreement, (3) review the safety training materials and test set forth in Parts II.A.1 m-n of this Agreement, and (4) participate in the

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oversight of the distribution and sales provisions established in Part II of this Agreement, as set forth in Parts II.A.2 and II.E.

The Oversight Commission shall have a staff, which will be entitled to inspect participating manufacturers and their authorized dealers and distributors to ensure compliance with the Agreement. The costs of the Commission shall be funded by the manufacturer parties to the Agreement. Each manufacturer party to this Agreement will pay no more than [CAP] annually. *\$25,000*

B. Role of ATF. — ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective accomplishment of its law enforcement responsibilities, ATF will work with the manufacturer parties to the Agreement and the Oversight Commission to assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the following provisions in its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission: II(A)(1)(a), (b), (e), (h), (i), (j), (k), (o), (p), and (q), (C)(2) and (D)(1) and (5). Nothing in this paragraph shall diminish the obligation of the manufacturer parties to this Agreement to make reasonable efforts to identify noncompliance and respond to notifications of violations from parties other than ATF.

C. Manufacturer cooperation.

1. Each manufacturer shall designate an executive level manager to serve as a compliance officer and shall provide the compliance officer with sufficient resources and staff to fulfill the officer's responsibilities under this agreement.
2. The compliance officer shall be responsible for

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- a. Ensuring that the manufacturer fulfills its obligations under this agreement;
 - b. Training the manufacturer's officers and employees on the obligations imposed by this agreement; and
 - c. Serving as the liaison to the Oversight Commission.
3. Each manufacturer shall commit to full cooperation in the implementation and enforcement of this Agreement.

IV. Cooperation with Law Enforcement.

- A. The manufacturer parties to this Agreement reaffirm their commitment to cooperate fully with law enforcement and regulators to eliminate illegal firearms sales and possession.
- B. Within six (6) months of the effective date of this Agreement, if technologically available, the manufacturer parties to this Agreement shall fire each firearm before sale and enter the digital image of its casing along with the weapon's serial number into a system compatible with the National Integrated Ballistics Identification Network system. The digital image shall be made available electronically to ATF's National Tracing Center.
- C. Manufacturers shall participate in ATF's Access 2000 program to facilitate electronic linkage to their inventory system to allow for rapid responses to ATF's firearms trace requests.

V. Legislation.

The parties to this Agreement will work together to support pending and ~~proposed~~ legislative efforts to reduce gun violence.

VI. Education trust fund.

Firearms misuse and the development of user only techs

MAR-16-2000 15:51

AGC TREASURY DEPT

202 622 1944 P.12/13

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Resolution of the current 30 lawsuits brought by
 Upon the signature to this Agreement of ten cities, counties, or States, the manufacturer parties to this Agreement shall dedicate one percent of annual firearms revenues to a trust fund to implement a public service campaign to inform the public about the risk of firearms in the home, proper home storage, and the need to dispose of firearms responsibly through destruction or transfer through a FFL, as well as the need to reduce gun violence. The trust fund will also be available to fund a national firearms death and injury reporting system.

VII. Most favored government entity.

If the manufacturer parties to this Agreement enter into an agreement with any other entity wherein they commit to institute design or distribution reforms that are more expansive than any of the above-enumerated items, such reforms will become a part of this Agreement as well.

VIII. Enforcement.

The Agreement will be entered and is enforceable as a Court order and as a contract.

Dated this ____ day of March, 2000.

Approved and Authorized by:

Manufacturer parties to this Agreement:

 Smith & Wesson

...

...

Governmental parties to this Agreement:

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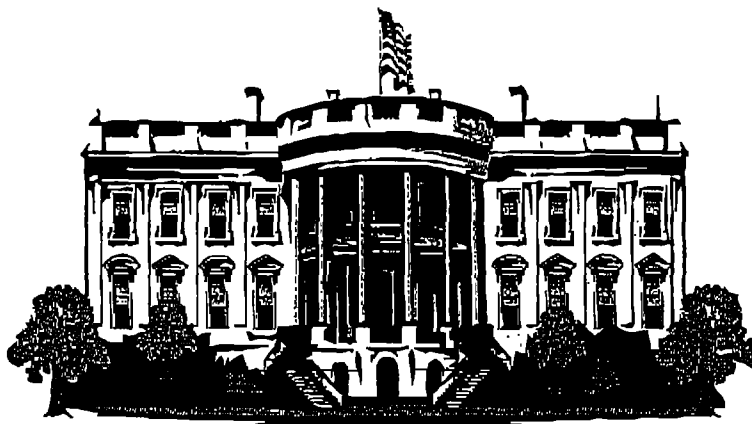
Department of the Treasury

Department of Housing and Urban Development

[City, State, and County parties to this Agreement]

....

...



FAX COVER SHEET

ERIC LIU
DEPUTY ASSISTANT FOR DOMESTIC POLICY
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DATE: 3/17/00 NUMBER OF PAGES (INCL. COVER): 6

FROM: Eric Liu

TO: Leanne

FAX: 6-7028

COMMENTS: _____

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**Agreement with Smith & Wesson
Questions and Answers
March 17, 2000**

Parties

Q. Who is signing this agreement?

A. This is an agreement between Smith & Wesson, the Secretary of the Treasury, the Secretary of Housing and Urban Development, and a number of cities, including Atlanta, Bridgeport, Los Angeles, Inglewood, Miami, San Francisco, and the States of New York and Connecticut.

Q. What cities declined to sign the agreement? Why?

A. All of the cities have not yet had an opportunity to review the agreement fully. Additional cities may sign on to the agreement in the next few days.

Q. Will the cities continue their suits against other gun manufacturers that do not sign on to this agreement?

A. This agreement has no effect on the cities' lawsuits against the other gun manufacturers. However, as this agreement shows, we are willing to work with responsible members of the industry to make meaningful improvements in firearms design and distribution to prevent gun accidents, reduce gun violence and keep guns out of the wrong hands.

Q. Will HUD continue to consider filing suit against the other manufacturers?

A. As for the cities the States here today, the agreement does not affect potential claims against other gun manufacturers. The Administration will continue to encourage other gun manufacturers to follow the responsible leadership of Smith & Wesson. HUD's partnership with the Public Housing Authorities on these issues will continue.

Q. How will the agreement be enforced?

A. The agreement will be subject to monitoring and oversight by a commission made up of two representatives appointed by the cities and counties, one by the states, one by Smith & Wesson, and one by ATF. ATF will use its inspection resources to help the parties monitor the agreement and the commission is empowered to enforce it. The agreement will also be enforceable as a court order and as a contract.

Q. What is the role of ATF?

A. ATF will continue to issue, regulate and inspect federal firearms licensees, collect multiple sales forms, conduct firearms traces, investigate firearms traffickers and straw purchasers, enforce the Gun Control Act and the National Firearms Act and fulfill its other statutory responsibilities. To the extent consistent with law and the effective

accomplishment of its law enforcement responsibilities, ATF will work with Smith & Wesson and the Oversight Commission to assist them in meeting their obligations under the Agreement. In particular, to the extent that ATF uncovers violations of the Agreement in the course of its inspections or other contacts with federal firearms licensees, it will inform the Oversight Commission which will then take appropriate action.

Q. Is this going to require a lot more staffing for ATF?

A. It is expected that most of ATF's monitoring work can be performed during its normal compliance inspections of firearms licensees.

Q. When do these provisions take effect?

A. There are various effective dates set out in the agreement. Many of the provisions are effective immediately. Others will require more time.

Q. What are the most important provisions of the agreement?

A. The most important provisions are the commitments to: (1) new gun design standards, including child safety measures, gun locks and incorporating smart gun technology in all new gun designs; (2) furnishing guns only to dealers that meet stringent standards -- including not transferring guns to any purchaser unless cleared by the National Instant Check System or at any gun show unless all sales are subject to background checks; (3) requiring purchasers to pass a safety training course or exam before buying a gun; (4) delaying transfers of multiple purchases for 14 days after the transfer of the first firearm, to allow law enforcement to identify potential traffickers; (5) creating a digital image of a bullet casing for every firearm produced, enabling significantly increased crime gun tracing.

Q. How does this agreement improve child safety and prevent gun accidents?

A. It requires all firearms to be designed within one year so that they cannot be readily operated by a child under the age of 6; locks to be built into all handguns within two years, and authorized user technology to be incorporated into all new gun designs within three years.

Q. How does this agreement stop criminal misuse of firearms?

A. It will make it harder for criminals to get firearms from licensed dealers and easier to trace crime guns. Guns will not be sold until the purchaser passes a Brady background check, multiple purchases of firearms will be delayed for 14 days allowing law enforcement to investigate potential traffickers; the tracing system will be greatly strengthened by ballistics imaging; security measures at dealers and distributors will be enhanced to prevent thefts and losses; and gun locks and smart guns can prevent criminals from using stolen guns.

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AGC TREASURY DEPT

Significance/Politics**Q. What do you hope to achieve by this agreement?**

- A. This agreement shows that common sense gun measures are achievable. When the nation's largest handgun manufacturer endorses these measures, everyone should recognize that they can be adopted by all gun manufacturers. Smith & Wesson's commitment to new design standards will make it easier for Congress as well as other manufacturers to address this issue, and this will ultimately help reduce firearms deaths and injuries. We think that it will help break the logjam in Congress, by demonstrating just how doable common sense measures are, and that they do not represent a threat to law abiding gun owners.

Q. Does this agreement go beyond pending gun legislation?

- A. The agreement of course is so far only binding on Smith & Wesson. But it goes well beyond the gun provisions that are part of the juvenile justice legislation.

Design

- Handguns are subject to *design standards* aimed at preventing accidents and misuse;
- Handgun models must be *tested by ATF or an agreed upon proofing entity* to make sure they meet the design standards;
- Funding and production of *smart gun technology*.

Distribution

- Dealers selling Smith & Wesson firearms must meet stringent standards, including these 10:
 - Not transferring firearms until receiving *NICS clearance* that the transferee is not a prohibited person (even if this is after the 3-day statutory waiting period);
 - No gun show sales unless Brady checks are conducted by all sellers at the gun show;
 - *Security requirements* for securing firearms;
 - Multiple gun purchasers must *wait 14 days* to pick up more than one gun;
 - Requiring *purchaser safety training*;
 - Not selling *ammunition magazines* able to accept more than 10 rounds or *semiautomatic assault weapons*;
 - Selling only firearms that meet the *specified design standards*;
 - Carrying a minimum level of *liability insurance* coverage;
 - Maintaining *electronic inventory and trace records systems*;
 - Requiring *employee training* developed by ATF.

Manufacturer Commitments

- Monitor and address problem dealers based on crime gun traces;
- Test fire each firearm before sale to create a digital image of the bullet casing accessible to law enforcement;
- Not market firearms in a way appealing to criminals or children.

Q. What do you think the impact will be on the pending gun legislation?

A. This agreement shows that there are many common sense measures all responsible parties can embrace to reduce firearms violence. Our legislation does just that, and this agreement should give a powerful boost to the pending gun legislation.

Q. Have other manufacturers been involved? What do other manufacturers think of the agreement?

Smith & Wesson has shown that it is at the forefront of the gun industry in its willingness to adopt responsible measures to make firearms safer and to control the chain of distribution. I hope that additional responsible gun manufacturers will follow Smith & Wesson's example and agree to these measures. The Administration, city, state, and county parties to this Agreement are ready to talk to any manufacturers willing to do so.

Q. Do you have any reactions from dealers?

Many dealers are responsible businesses that share our goal of keeping guns out of the wrong hands and ensuring that they are used safely. This Agreement sets forth the best practices for responsible dealers to meet these goals, and we believe that responsible dealers will willingly follow them.

Negotiations

Q. How did this agreement come about? How long have you been talking to these companies?

When the Administration first announced that it was considering supporting a suit by the public housing authorities against the gun industry, we also announced our desire to resolve our concerns through negotiations with the gun industry. The cities, states, and counties that have filed or are considering filing suits were also committed to these negotiations. The parties engaged in a series of talks which have come to fruition in this Agreement with Smith & Wesson.

Q. Why is Smith & Wesson agreeing to this now?

Smith & Wesson has shown itself to be at the forefront of the industry. It shares the goals of the federal, state, and local governments to increase gun safety and ensure that guns are kept from criminals. It has taken a bold and historic step in this Agreement. We hope that other members of the industry will follow its lead.

Q. What was the deciding factor in achieving the agreement?

The federal, state, and local governments came to these negotiations with well-formed views about the safety and distribution measures that are needed to reduce gun accidents

and violence. We found that Smith & Wesson shared our basic premises about the need to design guns safely and to require dealers and distributors to adopt measures to keep guns from falling in the wrong hands. With that shared premise, we were able to agree to a robust series of requirements that further our goals.

Q. What was the role of the President?

A. Last December, the President asked members of the Cabinet to reach out to responsible members of the gun industry to try to make progress on gun design and distribution. Treasury and HUD came to an agreement with Smith & Wesson consistent with the principles laid out by the President. The President was briefed this morning on the outcome of the discussions and fully supports the deal.

Q. Who conducted the negotiations?

Secretary Cuomo and Deputy Secretary Eizenstat led the negotiations. They were assisted by Max Stier, Deputy General Counsel for Litigation for HUD, and Neal Wolin, General Counsel of the Treasury Department.

Q. How much of what you wanted did you achieve?

This Agreement achieves an enormous amount. It adopts design standards that will substantially enhance the safety of firearms and a robust series of requirements to ensure that manufacturers, distributors, and dealers keep their firearms from falling into the wrong hands. These measures will substantially reduce gun violence, and they show the critical role that responsible gun manufacturers can play in this effort.

The Agreement also includes a provision in which Smith & Wesson agrees to adopt any measures agreed to in the future by other manufacturers, so long as those manufacturers, together with Smith & Wesson, account for fifty percent or more of United States handgun sales. We will continue our efforts to ensure that additional manufacturers agree to measures like these. The more manufacturers that are willing to assume the responsibility that Smith & Wesson has, the more effective we can be.